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TOWN OF WHITE CASTLE, LOUISIANA

FINANCIAL STATEMENTS

September 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/21/10

TOWN OF WHITE CASTLE, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of White Castle, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of White Castle (the Town), as of and for the year ended September 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit contains consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 49 through 53, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2010, on our consideration of the Town of White Castle's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information on pages 54 through 59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the statistical information on pages S-1 through S-11 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Postthwait & McManis

February 5, 2010

TOWN OF WHITE CASTLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Town of White Castle's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2009. Please read it in conjunction with the Town's financial statements, which begin on page 14. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. This MD&A should be read in conjunction with the financial statements which begin on Exhibit A.

FINANCIAL HIGHLIGHTS

The Town completed the fiscal year in a stable financial position and approaches 2010 with funding that provides a means to address community needs. A major initiative of the Town is to provide basic services, including law enforcement, street maintenance, drainage, and utility services. Significant aspects of the Town's financial well being as of and for the year ended September 30, 2009 are detailed throughout this analysis. Significant highlights are as follows:

- Assets of the Town exceeded its liabilities by approximately \$6.8 million at the close of the year. Of this amount, \$2.7 million (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- As of September 30, 2009, the Town's governmental funds reported combined fund balances of approximately \$2.7 million. Additionally, approximately \$2.4 million of this fund balance is cash and cash equivalents.
- At year end the Town's proprietary funds reported net equity of approximately \$2.3 million and approximately \$1.5 million of unrestricted cash.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets over time may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include public safety, streets and sanitation, public health, recreation, and general administration. The business-type activities of the Town include water, gas and sewer services. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The basic governmental fund financial statements can be found on Exhibits A-2 through A-5 of this report.

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the General Fund, Sales Tax Fund, 1/3% Sales Tax Fund, and the 2008 Capital Project Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on Exhibits C-1 and C-2.

The Town adopts an annual budget for its general fund and special revenue funds as required by law. Budgetary comparison statements have been provided for the General Fund, Sales Tax Fund, and 1/3% Sales Tax Fund to demonstrate compliance with these budgets and are shown on Exhibits B through B-2.

The second category of funds is *proprietary funds*. Town maintains three proprietary funds to report the same functions presented as business-type activities in the government-wide statements. The Town uses proprietary funds to account for its water, gas and sewer operations.

Proprietary funds provide the same type of information as government-wide statements, but in more detail. The proprietary funds financial statements provide separate information for the Gas, Water and Sewer Funds, all of which are considered to be major funds of the Town. The basic proprietary fund financial statements can be found on Exhibits A-6 through A-8 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on Exhibit A-9 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on Exhibits B through B-2 of this report.

The combining statements of the nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparison schedules. Additionally, a detailed budgetary comparison for the General Fund is provided. Combining and individual fund statements and schedules can be found on Exhibits C through C-4 of this report.

Government-Wide Financial Analysis

As mentioned earlier, changes in net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$6.8 million at the close of the fiscal year, a decrease of approximately \$137,000 from the prior year.

The summary of net assets table below focuses on the net assets of the Town's governmental and business-type activities.

Net Assets
September 30, 2009 and 2008
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 3,066	\$ 3,002	\$ 2,141	\$ 2,825	\$ 5,207	\$ 5,827
Capital assets	<u>3,168</u>	<u>3,401</u>	<u>3,150</u>	<u>2,053</u>	<u>6,318</u>	<u>5,454</u>
Total assets	<u>6,234</u>	<u>6,403</u>	<u>5,291</u>	<u>4,878</u>	<u>11,525</u>	<u>11,281</u>
Current and other liabilities	224	115	605	183	829	298
Noncurrent liabilities	<u>1,580</u>	<u>1,611</u>	<u>2,350</u>	<u>2,469</u>	<u>3,930</u>	<u>4,080</u>
Total liabilities	<u>1,804</u>	<u>1,726</u>	<u>2,955</u>	<u>2,652</u>	<u>4,759</u>	<u>4,378</u>
Net assets:						
Invested in capital assets, net of related debt	2,560	3,156	1,023	987	3,583	4,143
Restricted	252	246	153	142	405	388
Unrestricted	<u>1,618</u>	<u>1,275</u>	<u>1,160</u>	<u>1,097</u>	<u>2,778</u>	<u>2,372</u>
Total net assets	<u>\$ 4,430</u>	<u>\$ 4,677</u>	<u>\$ 2,336</u>	<u>\$ 2,226</u>	<u>\$ 6,766</u>	<u>\$ 6,903</u>

At the end of the prior and current fiscal years the Town had positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

The largest classification of the Town's net assets as of September 30, 2009 (53%) reflects those net assets invested in capital assets (e.g., land, buildings, improvements, streets, equipment, vehicles, utility systems and furniture and fixtures), less any related outstanding debt used to acquire those assets. This same classification of net assets was also the largest portion of the Town's net assets as of September 30, 2008 (60%).

The \$1.6 million in unrestricted net assets of governmental activities at the end of 2009 represents the accumulated results of operations. It means that if the Town paid all of the debt, \$1.6 million would remain. Unrestricted net assets of governmental activities increased during the year by approximately 27%, or \$343,000.

The \$37,000 increase in unrestricted net assets of the Town's business-type activities is the result of the increase in capital expenditures and debt related to utility system improvements. During the prior fiscal year unrestricted net assets increased by \$3,000. Collectively, the business-type activities generated \$64,000 of operating income in 2009.

The results of this year's operations for the government as a whole are reported in the statement of activities, which is summarized below.

Changes in Net Assets
For the years ended September 30, 2009 and 2008
(in thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Charges for services	\$ 127	\$ 126	\$ 933	\$ 939	\$ 1,060	\$ 1,065
Operating grants and contributions	178	70	5	-	183	70
Capital grants and contributions	4	44	-	-	4	44
General revenues						
Ad Valorem taxes	43	26	-	-	43	26
Sales taxes	1,566	1,204	-	-	1,566	1,204
Other general revenues	53	58	-	-	53	58
Grants and contributions not restricted to specific programs	35	195	-	-	35	195
Other	8	28	9	34	17	62
Total revenues	<u>2,014</u>	<u>1,751</u>	<u>947</u>	<u>973</u>	<u>2,961</u>	<u>2,724</u>
Expenses:						
General government	489	412	-	-	489	412
Public safety	546	532	-	-	546	532
Streets and sanitation	499	441	-	-	499	441
Public health	48	75	-	-	48	75
Recreation	83	65	-	-	83	65
Public works	424	-	-	-	424	-
Interest on long-term debt	97	8	-	-	97	8
Gas	-	-	345	394	345	394
Waterworks	-	-	286	272	286	272
Sewerage	-	-	281	284	281	284
Total expenses	<u>2,186</u>	<u>1,533</u>	<u>912</u>	<u>950</u>	<u>3,098</u>	<u>2,483</u>
Increase in net assets before transfers	(172)	218	35	23	(137)	241
Net transfers in (out)	<u>(75)</u>	<u>145</u>	<u>75</u>	<u>(145)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>(247)</u>	<u>363</u>	<u>110</u>	<u>(122)</u>	<u>(137)</u>	<u>241</u>
Net assets - beginning of year, restated	<u>4,677</u>	<u>4,314</u>	<u>2,226</u>	<u>2,348</u>	<u>6,903</u>	<u>6,124</u>
Net assets - ending of year	<u>\$ 4,430</u>	<u>\$ 4,677</u>	<u>\$ 2,336</u>	<u>\$ 2,226</u>	<u>\$ 6,766</u>	<u>\$ 6,365</u>

Financial Analysis of Town's Most Significant Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Analysis of the Town's major funds begins on page 16. The fund financial statements provide detailed information about only the most significant funds and thus not the Town as a whole. Some funds are required to be established by state law or by bond covenants. In addition, the Town Council establishes other funds to control and manage resources for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the year-end balances that are available the subsequent year. These funds are reported using the *modified accrual* basis of accounting, which measures cash and other financial assets that can readily be converted to cash. As such, the governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be expended in the near future to finance the Town's programs. The relationship and differences between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* (reported in the balance sheet and statement of revenues, expenditures, and changes in fund balance) are described in a reconciliation after the fund financial statements.

General Governmental Functions

The general government operations of the Town are accounted for in the General Fund, special revenue funds, debt service funds, and the Capital Project Fund. The following table shows a summary of general governmental operations for 2009 by fund type.

	(in thousands)					
	2008	2009				
			General	Special	Debt	Capital
	Totals	Totals	Fund	Revenue	Service	Project
			Funds	Funds	Funds	Fund
Revenues and transfers	\$ 4,576	\$ 3,001	\$ 1,240	\$ 1,625	\$ 127	\$ 9
Expenditures and transfers	<u>2,524</u>	<u>3,086</u>	<u>1,401</u>	<u>1,123</u>	<u>121</u>	<u>441</u>
Surplus (deficit)	2,052	(85)	(161)	502	6	(432)
Beginning fund balance, restated	<u>754</u>	<u>2,806</u>	<u>163</u>	<u>1,003</u>	<u>246</u>	<u>1,394</u>
Ending fund balance	<u>\$ 2,806</u>	<u>\$ 2,721</u>	<u>\$ 2</u>	<u>\$ 1,505</u>	<u>\$ 252</u>	<u>\$ 962</u>

Revenues of the Town's governmental fund types for 2009 decreased by approximately \$1.5 million and expenditures increased by approximately \$500,000, resulting in a decrease in fund balance of \$85,000, significantly lower than the prior year's fund balance increase of \$2.8 million. The primary reason for fluctuation from prior year was due to the receipt of approximately \$1.6 million in nonrecurring bond proceeds in 2008.

Sources of general governmental revenues for all governmental funds are summarized in the table below.

<u>Source of Revenue</u>	(in thousands)			
	2009		2008	
	<u>Revenue</u>	<u>Percent</u>	<u>Revenue</u>	<u>Percent</u>
Taxes	\$ 1,635	83%	\$ 1,301	73%
Licenses and permits	77	4%	77	4%
Intergovernmental	163	8%	127	7%
Miscellaneous	98	5%	271	16%
Total	<u>\$ 1,973</u>	<u>100%</u>	<u>\$ 1,776</u>	<u>100%</u>

The Town's activities are largely supported by tax revenues, which represent 83% of total governmental revenues in 2009.

Expenditures of the governmental funds increased by approximately \$451,000 in 2009. Expenditures for all governmental funds by each major function are summarized below.

<u>Function</u>	(in thousands)			
	2009		2008	
	<u>Expenditure</u>	<u>Percent</u>	<u>Expenditure</u>	<u>Percent</u>
General government	\$ 478	24%	\$ 372	24%
Public safety	534	27%	551	35%
Streets and sanitation	303	15%	347	22%
Public health	48	2%	75	5%
Recreation	90	4%	36	2%
Capital outlay	438	22%	-	0%
Debt service	120	6%	179	12%
Total	<u>\$ 2,011</u>	<u>100%</u>	<u>\$ 1,560</u>	<u>100%</u>

The largest increase in spending was capital outlay for ongoing drainage and street repair projects.

Proprietary Funds – The Town’s proprietary funds provide the same information reported in the government-wide financial statements as business-type activities but in a different format. Unrestricted net assets of all three proprietary funds increased during 2009 as shown in the following table.

	(in thousands)			
	2009		2008	
	Total	Percent	Total	Percent
<u>Charges for services:</u>				
Gas	\$ 472	51%	\$ 418	46%
Waterworks	200	21%	207	23%
Sewerage	261	28%	285	31%
Total revenues	<u>933</u>	<u>100%</u>	<u>910</u>	<u>100%</u>
<u>Operating expenses:</u>				
Gas	345	40%	393	44%
Waterworks	277	32%	254	28%
Sewerage	247	28%	245	28%
Total expenses	<u>869</u>	<u>100%</u>	<u>892</u>	<u>100%</u>
Other items	<u>(29)</u>	<u>100%</u>	<u>15</u>	<u>100%</u>
Net operating income before transfers	<u>\$ 35</u>	<u>4%</u>	<u>\$ 33</u>	<u>4%</u>

General Fund Budgetary Highlights

Differences between the general fund original budget and the final budget are shown on Exhibit B. Revenue projections were amended to decrease intergovernmental grants and the expected fines revenue and to increase miscellaneous income. Actual revenues and operating transfers were approximately \$320,000 less than the final budget, primarily due to deferring the receipt of intergovernmental grant revenues until the 2010 fiscal year.

Regarding expenditures, the original budget of the Town was amended to increase the appropriation for general government, public safety, and recreation, and to decrease appropriations for streets and sanitation and fire protection services. The increase in general government expenditures of approximately \$117,000 was largely the result of costs increases for insurance and additional capital outlay expenditures as a result of hurricane related expenditures incurred. See Note 6 to the financial statements for more details on the financing arrangement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009 the Town had approximately \$6,318,000 invested in a broad range of capital assets including streets, heavy equipment for street and drainage maintenance, vehicles, computer equipment, office furniture, land, buildings, park facilities, gas and water distribution systems, and sewer treatment systems. This amount represents a net increase of \$900,000, or 44% over the prior fiscal year. Additions totaling \$1.4 million, net of current year depreciation of \$471,000, in 2009 include improvements to the water system, capital outlay, and the purchase of equipment and vehicles.

Capital Assets at Year-end
in thousands
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 272	\$ 272	\$ 41	\$ 41	\$ 313	\$ 313
Construction in progress	14	-	1,204	-	1,218	-
Buildings and systems	738	753	1,816	1,909	2,554	2,662
Equipment and vehicles	257	301	89	104	346	405
Improvements other than buildings	91	100	-	-	91	100
Infrastructure	<u>1,796</u>	<u>1,975</u>	<u>-</u>	<u>-</u>	<u>1,796</u>	<u>1,975</u>
Total assets, net of depreciation	<u>\$ 3,168</u>	<u>\$ 3,401</u>	<u>\$ 3,150</u>	<u>\$ 2,054</u>	<u>\$ 6,318</u>	<u>\$ 5,455</u>

The Town's fiscal year 2010 capital budget includes funds for the completion of the water distribution system improvements project (\$400,000) and roads and drainage projects (\$1.2 million) using proceeds from the 2008 Public Improvement Bonds. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Debt

On September 30, 2009 the Town had \$4,020,000 in outstanding debt, compared to \$4,131,000 on September 30, 2008, a decrease of 4%, as shown in the following table.

	(in thousands)					
	Governmental Activities		(net of depreciation) Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 1,570	\$ 1,600	\$ 1,570	\$ 1,600	\$ 3,140	\$ 3,200
Revenue bonds	-	-	852	902	852	902
Accrued sick leave	10	11	18	18	28	29
	<u>\$ 1,580</u>	<u>\$ 1,611</u>	<u>\$ 2,440</u>	<u>\$ 2,520</u>	<u>\$ 4,020</u>	<u>\$ 4,131</u>

The Town issued no new debt in the fiscal year ended 2009, but did retire approximately \$111,000 of debt. More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

The state of Louisiana limits the amount of general obligation debt that municipalities can issue to 35% of the assessed value of all taxable property within the Town's corporate limits. The Town's outstanding general obligation debt is significantly below this \$1.898 million state-imposed limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered the condition of the national and state economies when setting the 2010 budget and tax rates, as three of the four major industries in and around the Town (oil refining, petrochemical processing, construction, and farming) have been adversely affected by the national economic recession which began in the fall of 2007.

For 2010 ad valorem tax revenue is projected to decline by 22% and total sales tax revenue is projected to decline by 5% as compared with the 2009 final budget. The 2010 budget includes slight increases in charges for services in anticipation of an increase in the price of natural gas. However, with these projected tax revenue declines the Town anticipates an increase in total revenues for the general fund of 26% from the prior year's budget, primarily due to an increase in transfers from other funds. The largest increases in general fund expenditures are for (1) streets and sanitation for approximately \$600,000 in street and infrastructure improvements, and (2) the volunteer fire department, to purchase a new fire truck for about \$360,000. If these estimates are realized, the Town's general fund budgetary fund balances are expected to decrease in 2010 by \$90,000.

OTHER INFORMATION

Contacting The Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, customers, granting agencies, investors, and creditors with a general overview of the Town's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town's Finance Office at (225) 545-3012 or P.O. Box 488, White Castle, Louisiana 70788.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF NET ASSETS

September 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,422,171	\$ 1,551,165	\$ 3,973,336
Investments	276,576	105,557	382,133
Accounts receivable, net	24,487	91,339	115,826
Due from other governments	282,656	-	282,656
Prepaid insurance	27,902	19,813	47,715
Internal balances	(53,608)	53,608	-
Restricted cash	-	224,477	224,477
Inventories	-	9,623	9,623
Deferred bond issuance costs	85,519	85,519	171,038
Capital assets not being depreciated	286,285	1,244,537	1,530,822
Capital assets net of accumulated depreciation	<u>2,881,776</u>	<u>1,905,272</u>	<u>4,787,048</u>
Total assets	<u>\$ 6,233,764</u>	<u>\$ 5,290,910</u>	<u>\$ 11,524,674</u>
LIABILITIES			
Accounts payable	\$ 175,380	\$ 423,505	\$ 598,885
Payroll and other accrued liabilities	25,576	20,669	46,245
Customer deposits	-	71,728	71,728
Deferred revenue	23,820	-	23,820
Noncurrent liabilities:			
Due within one year	35,000	88,521	123,521
Due in more than one year	<u>1,544,519</u>	<u>2,350,471</u>	<u>3,894,990</u>
Total liabilities	<u>1,804,295</u>	<u>2,954,894</u>	<u>4,759,189</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,559,764	1,022,612	3,582,376
Restricted for:			
Capital projects	-	81,809	81,809
Debt service	251,855	70,940	322,795
Unrestricted	<u>1,617,850</u>	<u>1,160,655</u>	<u>2,778,505</u>
Total net assets	<u>4,429,469</u>	<u>2,336,016</u>	<u>6,765,485</u>
Total liabilities and net assets	<u>\$ 6,233,764</u>	<u>\$ 5,290,910</u>	<u>\$ 11,524,674</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Functions/Programs						
GOVERNMENTAL ACTIVITIES						
General government	\$ 489,267	\$ 76,731	\$ 127,218	\$ -	\$ (285,318)	\$ -
Public safety	545,601	49,847	2,303	4,431	(489,020)	-
Streets and sanitation	498,603	-	-	-	(498,603)	-
Public health	48,142	-	48,037	-	(105)	-
Recreation	83,336	-	-	-	(83,336)	-
Public works	423,736	-	-	-	(423,736)	-
Interest on long-term debt	96,813	-	-	-	(96,813)	-
Total governmental activities	2,185,498	126,578	177,558	4,431	(1,876,931)	-
BUSINESS-TYPE ACTIVITIES						
Gas	344,956	471,591	-	-	-	126,635
Waterworks	286,425	199,755	-	-	-	(86,670)
Sewerage	280,853	261,943	5,012	-	-	(13,898)
Total business-type activities	912,234	933,289	5,012	-	-	26,067
Total primary government	\$ 3,097,732	\$ 1,059,867	\$ 182,570	\$ 4,431	(1,876,931)	26,067
GENERAL REVENUES						
Taxes:						
Ad valorem					42,730	-
Sales and use					1,566,206	-
Franchise					35,421	-
Video poker					9,726	-
Other					7,522	-
Grants and contribution not restricted to specific programs					35,036	-
Investment earnings					21,696	9,024
Loss on disposal of assets					(13,636)	-
Transfers (to) from other funds					(75,000)	75,000
Total general revenues and transfers					1,629,701	84,024
Change in net assets					(247,230)	110,091
NET ASSETS						
Beginning of year, restated					4,676,699	2,225,925
Ending of year					\$ 4,429,469	\$ 2,336,016

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2009

	General	Sales Tax Fund	1/3% Sales Tax Fund	2008 Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 146,672	\$ 752,388	\$ 155,047	\$ 1,091,889	\$ 276,175	\$ 2,422,171
Investments, at cost	20,043	240,264	16,269	-	-	276,576
Due from other governments	39,015	178,810	64,831	-	-	282,656
Due from other funds	14,160	97,521	-	-	-	111,681
Other receivables	12,487	-	-	-	-	12,487
Prepaid insurance	27,902	-	-	-	-	27,902
Total assets	\$ 260,279	\$ 1,268,983	\$ 236,147	\$ 1,091,889	\$ 276,175	\$ 3,133,473
LIABILITIES						
Accounts payable	\$ 45,194	\$ -	\$ -	\$ 130,186	\$ -	\$ 175,380
Payroll and other accrued liabilities	11,325	-	-	-	-	11,325
Due to other funds	164,789	-	-	-	500	165,289
Deferred income	37,201	-	-	-	23,820	61,021
Total liabilities	258,509	-	-	130,186	24,320	413,015
FUND BALANCE						
Reserved for:						
Debt service	-	-	-	-	251,855	251,855
Capital projects	-	-	-	961,703	-	961,703
Designated - subsequent year's expenditures	1,770	-	-	-	-	1,770
Undesignated	-	1,268,983	236,147	-	-	1,505,130
Total fund balance	1,770	1,268,983	236,147	961,703	251,855	2,720,458
Total liabilities and fund balance	\$ 260,279	\$ 1,268,983	\$ 236,147	\$ 1,091,889	\$ 276,175	\$ 3,133,473

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

September 30, 2009

Total net assets reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds (Exhibit A-2)	\$ 2,720,458
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,168,061
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures	12,000
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.	
Deferred bond issuance costs	85,519
Some revenues were collected more than sixty days after year-end and, therefore are not available soon enough to pay for current expenditures.	37,201
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Accrued interest payable	\$ (14,251)
Bonds and capital lease payable	(1,570,000)
Compensated absences payable	(9,519)
	<u>(1,593,770)</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 4,429,469</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended September 30, 2009

	General	Sales Tax Fund	1/3% Sales Tax Fund	2008 Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 68,740	\$ 1,138,092	\$ 428,114	\$ -	\$ -	\$ 1,634,946
License and permits	76,731	-	-	-	-	76,731
Intergovernmental	115,077	-	-	-	48,037	163,114
Fines	49,847	-	-	-	-	49,847
Other	<u>27,216</u>	<u>9,295</u>	<u>1,121</u>	<u>8,792</u>	<u>1,708</u>	<u>48,132</u>
Total revenues	<u>337,611</u>	<u>1,147,387</u>	<u>429,235</u>	<u>8,792</u>	<u>49,745</u>	<u>1,972,770</u>
EXPENDITURES						
General government	474,562	-	-	3,310	-	477,872
Public safety	534,430	-	-	-	-	534,430
Streets and sanitation	302,873	-	-	-	-	302,873
Public health	-	-	-	-	48,142	48,142
Recreation	89,439	-	-	-	-	89,439
Public works	-	-	-	437,688	-	437,688
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,396</u>	<u>120,396</u>
Total expenditures	<u>1,401,304</u>	<u>-</u>	<u>-</u>	<u>440,998</u>	<u>168,538</u>	<u>2,010,840</u>
Excess (deficiency) of revenues over expenditures	<u>(1,063,693)</u>	<u>1,147,387</u>	<u>429,235</u>	<u>(432,206)</u>	<u>(118,793)</u>	<u>(38,070)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from insurance claims	27,643	-	-	-	-	27,643
Transfers in	875,000	-	-	-	125,764	1,000,764
Transfers out	<u>-</u>	<u>(650,000)</u>	<u>(425,000)</u>	<u>-</u>	<u>(764)</u>	<u>(1,075,764)</u>
Total financing sources (uses)	<u>902,643</u>	<u>(650,000)</u>	<u>(425,000)</u>	<u>-</u>	<u>125,000</u>	<u>(47,357)</u>
Excess (deficiency) of net change in fund balances	<u>(161,050)</u>	<u>497,387</u>	<u>4,235</u>	<u>(432,206)</u>	<u>6,207</u>	<u>(85,427)</u>
FUND BALANCE						
Beginning of year	<u>162,820</u>	<u>771,596</u>	<u>231,912</u>	<u>1,393,909</u>	<u>245,648</u>	<u>2,805,885</u>
End of year	<u>\$ 1,770</u>	<u>\$ 1,268,983</u>	<u>\$ 236,147</u>	<u>\$ 961,703</u>	<u>\$ 251,855</u>	<u>\$ 2,720,458</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2009

The change in net assets reported for governmental activities in the statement of activities is different because:

Net change in fund balances - total governmental funds (Exhibit A-4) \$ (85,427)

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.

Capital outlay	126,432	
Depreciation expense	(322,588)	
Amortization of bond issuance cost	<u>(3,192)</u>	(199,348)

The effect of various transactions involving capital assets, trade-ins, and donations is to increase net assets.

Insurance proceeds	(22,710)	
Loss on disposal of assets	<u>(13,636)</u>	(36,346)

The liability and expense for compensated absences are not reported in governmental funds. Instead, payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources and it would take a catastrophic event for this liability to become a current liability.

1,107

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.

Principal payments on debt	30,000
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Because some revenues will not be collected for sixty days after year end, they are not considered "available" revenues in the governmental funds.

Grant revenues	37,201
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	(6,417)	
Ad valorem house demolition charges	<u>12,000</u>	<u>5,583</u>

Change in net assets of governmental activities (Exhibit A-1) \$ (247,230)

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

September 30, 2009

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 283,435	\$ 775,730	\$ 492,000	\$ 1,551,165
Investments	40,345	9,680	55,532	105,557
Accounts receivable, net	40,999	27,080	23,260	91,339
Prepaid insurance	6,375	7,292	6,146	19,813
Due from other funds	-	-	67,268	67,268
Inventories	2,554	7,069	-	9,623
Total current assets	373,708	826,851	644,206	1,844,765
RESTRICTED ASSETS, cash	41,113	55,039	128,325	224,477
BOND ISSUANCE COSTS	-	85,519	-	85,519
CAPITAL ASSETS, net	37,155	1,660,051	1,452,603	3,149,809
Total assets	\$ 451,976	\$ 2,627,460	\$ 2,225,134	\$ 5,304,570
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 5,870	\$ 4,933	\$ 5,338	\$ 16,141
Contracts payable	-	407,364	-	407,364
Payroll and related payables	4,261	5,919	506	10,686
Due to other funds	5,464	5,464	2,732	13,660
Other accrued liabilities	101	7,884	1,998	9,983
Current portion of long-term debt	-	39,161	49,360	88,521
Total current liabilities	15,696	470,725	59,934	546,355
Net income (loss)				
Payable from restricted assets				
Customer deposits	41,113	30,615	-	71,728
NONCURRENT LIABILITIES, debt	11,563	1,724,328	614,580	2,350,471
Total liabilities	68,372	2,225,668	674,514	2,968,554
NET ASSETS				
Invested in capital assets, net of related debt	37,155	176,792	788,663	1,002,610
Restricted for:				
Capital projects	-	16,988	64,821	81,809
Debt service	-	7,436	63,504	70,940
Unrestricted:				
Undesignated	346,449	200,576	633,632	1,180,657
Total net assets	383,604	401,792	1,550,620	2,336,016
Total liabilities and net assets	\$ 451,976	\$ 2,627,460	\$ 2,225,134	\$ 5,304,570

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the year ended September 30, 2009

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Total
OPERATING REVENUES				
Charges for services	\$ 444,999	\$ 199,239	\$ 261,943	\$ 906,181
Other	26,592	516	-	27,108
Total operating revenues	471,591	199,755	261,943	933,289
OPERATING EXPENSES				
Gas	147,793	-	-	147,793
Depreciation and amortization	12,202	37,555	101,827	151,584
Field	98,743	133,205	33,316	265,264
Administration	86,218	106,662	111,696	304,576
Total operating expenses	344,956	277,422	246,839	869,217
Operating income (loss)	126,635	(77,667)	15,104	64,072
NONOPERATING				
Grant income	-	-	5,012	5,012
Interest income	3,080	1,185	4,759	9,024
Interest expense	-	(9,003)	(34,014)	(43,017)
Total nonoperating, net	3,080	(7,818)	(24,243)	(28,981)
Income (loss) before transfers	129,715	(85,485)	(9,139)	35,091
Transfers in	-	125,000	-	125,000
Transfers out	(50,000)	-	-	(50,000)
Net income	79,715	39,515	(9,139)	110,091
NET ASSETS				
Beginning balance, as restated	303,889	362,277	1,559,759	2,225,925
Ending balance	\$ 383,604	\$ 401,792	\$ 1,550,620	\$ 2,336,016

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended September 30, 2009

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 442,203	\$ 197,863	\$ 273,695	\$ 913,761
Payments to suppliers for goods and services	(238,087)	304,812	(111,663)	(44,938)
Payments to employees for services and benefits	(111,910)	(143,022)	(42,427)	(297,359)
Other operating revenues	26,592	516	-	27,108
Net cash provided by operating activities	118,798	360,169	119,605	598,572
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from grant revenues	-	-	5,012	5,012
Loans from other funds	2,732	2,732	2,732	8,196
Net transfers	(50,000)	125,000	-	75,000
Net cash provided (used) by noncapital financing activities	(47,268)	127,732	7,744	88,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(20,562)	(1,218,028)	(6,184)	(1,244,774)
Interest expense	-	(9,003)	(34,014)	(43,017)
Repayment of water revenue bonds	-	(33,969)	-	(33,969)
Repayment of sewer revenue bonds	-	-	(46,966)	(46,966)
Net cash used by capital activities	(20,562)	(1,261,000)	(87,164)	(1,368,726)
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in investment	(16,649)	6,081	(22,130)	(32,698)
Interest income	3,080	1,185	4,759	9,024
Net cash provided (used) by investing activities	(13,569)	7,266	(17,371)	(23,674)
Increase (decrease) in cash	37,399	(765,833)	22,814	(705,620)
CASH AND CASH EQUIVALENTS, including restricted cash				
Beginning of period, restated	287,149	1,596,602	597,511	2,481,262
End of period	\$ 324,548	\$ 830,769	\$ 620,325	\$ 1,775,642

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended September 30, 2009

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 126,635	\$ (77,667)	\$ 15,104	\$ 64,072
Adjustments for noncash items:				
Depreciation	12,202	37,555	101,827	151,584
Change in operating assets and liabilities:				
Accounts receivable	(1,849)	(455)	11,752	9,448
Prepaid assets	(308)	(351)	(297)	(956)
Customer deposits	(947)	(921)	-	(1,868)
Inventory	(98)	(238)	-	(336)
Accounts payable and accrued expenses	(16,837)	402,246	(8,781)	376,628
Total adjustments	(7,837)	437,836	104,501	534,500
Net cash provided by operating activities	\$ 118,798	\$ 360,169	\$ 119,605	\$ 598,572

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The financial statements of the Town of White Castle, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Proprietary funds and government-wide statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant accounting policies established in GAAP and used by the Town are described below.

In June 1999 the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- Providing a Management's Discussion and Analysis (MD&A) section which includes an analysis of the Town's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (roads, bridges, etc.); and
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Town elected to implement the general provisions of the Statement in the fiscal year ended September 30, 2003.

Reporting Entity

These financial statements present the Town as the primary government. For financial reporting purposes, the Town is controlled by or dependent on the Town's executive or legislative branches (the Mayor or the Town Council, respectively). Other organizations that are controlled by or dependent upon the Town would be included in this financial statement as component units. Control by or dependence on the Town is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general obligations of the Town, obligations of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town. There are no component units included in this financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting entity (continued)

The following related organization, a nonprofit corporation, is not part of the Town and thus is excluded from the accompanying financial statements:

White Castle Housing Authority

White Castle Housing Authority's (the Authority) operating and capital expenditures, including debt service, are financed from federal grants and tenant rentals. The Town has no involvement in the determination of the Authority's budget, rental rates, or any obligation for the Authority's outstanding debt. Financial transactions between the Town and the Authority, reported in the accompanying financial statements, reflect contractual agreements between the parties for the provision of specific services by the Town for the Authority. A financial statement for the Authority can be obtained from Mr. Don O'Bear, Executive Director, P.O. Box 58, White Castle, Louisiana 70788.

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements (individual major funds and combined nonmajor funds). The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private-sector standards of accounting and financial reporting issued on or before November 30, 1989 generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for all nonfiduciary activities of the primary government (the Town). As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the government.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Business-type activities are financed in whole or part by fees charged to external parties for utility services provided. The Town's gas, water, and sewer services are classified as business-type activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB Statement 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are summarized into a single column.

The daily operations of the Town continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town (the General Fund) or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds and account groups of the primary government presented in the financial statements are described below.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused upon determining changes in financial position rather than net income. The following are the four governmental fund types of the Town:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is always a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds that are considered major funds are the Sales Tax Fund and the 1/3% Sales Tax Fund.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. There are no debt service funds that are considered major funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The capital projects service fund that is considered a major fund is the 2008 Capital Project Fund.

Proprietary Fund Types

Enterprise Funds - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, that is, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All of the Town's enterprise funds have been considered major funds.

Internal Service Funds - Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis. The Town does not currently have any internal service funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied.

Fund financial statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues are recorded as earned since that is the time they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales tax, ad valorem tax, and federal and state aid and grants.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December of the current year and January and February of the following year. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments and compensated absences, which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

A consolidated bank account has been established into which most monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The account entitled "Cash and cash equivalents" is therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account as well as its pro rata share of certificates of deposit with maturities of three months or less and the Louisiana Asset Management Pool (LAMP) account. Investment earnings are shared by each fund on a pro rata basis according to its average cash balance.

In addition, separate accounts have been established for certain debt service funds as required by bond resolution and state law. The Town also has an imprest account for disbursements of payroll.

For purposes of the statement of cash flows, liquid investments of the enterprise funds, including restricted assets, with a maturity of three months or less are considered to be cash equivalents.

Investments

Investments which are time certificates of deposit with maturities in excess of three months are stated at cost, which is market value.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. On the other hand, in proprietary fund types, uncollectible amounts due from utility billings are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. The allowance for doubtful accounts for the Gas, Water and Sewer Funds as of September 30, 2009 were approximately \$4,900, \$3,700 and \$2,800, respectively.

Interfund Receivables and Payables

During the course of operations numerous transactions occur between individual funds. Those related to short-term borrowings are classified as "due from other funds" or "due to other funds" on the balance sheet and result primarily from participation in the consolidated cash account. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. See Notes 10 and 11 for details of interfund transactions, including receivables and payables at year-end. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Restricted Cash**

Restricted cash on the balance sheet of the enterprise funds represents (1) amounts which have been designated to meet unexpected contingencies for property repairs and replacements, (2) funds held for customer deposits, and (3) funds held for retirement of water and sewer revenue bonds. Restricted cash consists of the following:

	Gas	Water	Sewer	Total
Customer deposits	\$ 41,113	\$ 30,615	\$ -	\$ 71,728
Reserved for debt service	-	7,436	63,504	70,940
Reserved for capital projects	-	16,988	64,821	81,809
Total restricted cash	<u>\$ 41,113</u>	<u>\$ 55,039</u>	<u>\$ 128,325</u>	<u>\$ 224,477</u>

Inventories

In the primary government's governmental fund types, inventories of supplies are recorded as expenditures at the time of purchase.

Inventories related to the primary government's business-type activities are stated at cost that approximates market value using the first-in first-out method.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized.

Infrastructure assets are comprised of the streets and drainage maintained by the Town and have been valued at estimated historical cost or historical cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-40 years
Improvements	10-30 years
Machinery, Equipment and Vehicles	5-20 years
Utility System	5-50 years
Infrastructure	20-40 years

The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend asset lives are not capitalized.

Fund Financial Statements

In the fund financial statements capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Distribution systems	5 - 50 years
Meters	5 years
Machinery, equipment and vehicles	5 years

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt is reported as a liability. Bond issuance costs are reported as deferred charges and amortized over the term of the bond. The long-term debt consists primarily of public improvement bonds, certificates of indebtedness for public improvements, capital leases, notes payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Instead, the debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary fund debt is the same in the fund statements as it is in the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All full time employees of the Town are entitled to annual vacation and sick leave with pay. Vacation leave entitlement does not carry over at the end of a year. Employees are able to accrue unused sick leave without limitation; however, the Town is liable to pay only (1) any unused sick leave not to exceed 60 days upon retirement to employees who were employed by the Town prior to January 1, 1992, and (2) unused sick leave not to exceed 30 days upon retirement to those employees hired after January 1, 1992. The liability for these compensated absences is recorded as other accrued liabilities in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, vacation and sick leave payments are included in expenditures for governmental fund types when the payments are made to employees. The proprietary funds present on an accrual basis the amount of earned but unused sick leave estimated to be payable in future periods.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors or laws or regulations of other governments.

Reserves and Designations of Equity

Some portions of fund balance or retained earnings are reserved to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure.

Designated portions of fund balance or retained earnings indicate tentative future spending plans which may be changed and are subject to subsequent authorization before expenditures can be made. The Town has made the following reserves and designations of equity: (a) "Designated for subsequent year's expenditures" is that portion of fund balance which has been budgeted to balance the following years' budgets, and (b) other designations are made for specific indicated purposes included in the title. The Town's policy is to use restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Transfers

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy and Budgetary Accounting

A proposed budget is prepared by the Mayor and submitted to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget year. The General Fund, 2008 Capital Project Fund, and Water and Sewer Utility Funds have designations for subsequent expenditures as of September 30, 2009.

The annual operating budget, prepared on the accrual basis covers the general, special revenue, debt service, and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

The financial transactions of the debt service funds are comparable to the budgeted revenues, expenditures and other financing sources (uses) adopted by the Town Council. Accordingly, individual budget comparisons are not presented in this financial report.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, prepaid insurance, and deferred revenue.

NOTE 2 - CASH AND INVESTMENTS

Deposit balances (bank balances) at September 30, 2009, were secured as follows:

	<u>Bank Balances</u>
Federal deposit insurance	\$ 507,653
Investments not subject to categorization:	
Invested in U.S. Securities	2,254,248
Louisiana Asset Management Pool (LAMP)	<u>1,868,864</u>
Bank balances	<u>\$ 4,630,765</u>

As of September 30, 2009, the Town's total bank balances were fully insured and collateralized with securities held in the name of the Town by the pledging financial institution's agent and, therefore, not exposed to custodial credit risks. Investment by the Town in the LAMP is considered unclassified as to credit risk, as the LAMP is not evidenced by securities that exist in physical or book form.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2009, consists of the following:

Parish of Iberville, Louisiana - Sales Tax	\$ 243,641
Other	<u>39,015</u>
Total	<u>\$ 282,656</u>

NOTE 4 - AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, be assessed at 15% of fair market value; and public service properties, excluding land, be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (La. R.S. 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All ad valorem taxes are recorded in governmental funds, as explained in Note 1 above, the revenues from which are recognized in the accounting period in which they become available and measurable. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue.

For the year ended September 30, 2009, taxes of 5.65 mills for the general fund were levied on property with assessed valuations totaling \$5,422,320. Total taxes assessed and collected of \$30,639 were levied on November 15, 2008, and were due and payable prior to December 31, 2008.

Exhibit A-9
(Continued)

NOTE 5 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 272,333	\$ -	\$ -	\$ 272,333
Construction in progress	-	13,952	-	13,952
Total capital assets not being depreciated	<u>272,333</u>	<u>13,952</u>	<u>-</u>	<u>286,285</u>
Capital assets being depreciated:				
Building and improvements	1,565,789	48,458	-	1,614,247
Equipment and vehicles	1,349,387	64,022	48,932	1,364,477
Improvements other than buildings	359,170	-	-	359,170
Infrastructure	6,182,678	-	-	6,182,678
Total capital assets being depreciated	<u>9,457,024</u>	<u>112,480</u>	<u>48,932</u>	<u>9,520,572</u>
Less accumulated depreciation for:				
Building and improvements	812,794	62,772	-	875,566
Equipment and vehicles	1,048,326	71,719	12,587	1,107,458
Improvements other than buildings	259,838	8,221	-	268,059
Infrastructure	4,207,837	179,876	-	4,387,713
Total accumulated depreciation	<u>6,328,795</u>	<u>322,588</u>	<u>12,587</u>	<u>6,638,796</u>
Total capital assets being depreciated net of accumulated depreciation	<u>3,128,229</u>	<u>(210,108)</u>	<u>36,345</u>	<u>2,881,776</u>
Governmental activities capital assets, net	<u>\$ 3,400,562</u>	<u>\$ (196,156)</u>	<u>\$ 36,345</u>	<u>\$ 3,168,061</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 40,588	\$ -	\$ -	\$ 40,588
Construction in progress	-	1,203,949	-	1,203,949
Total capital assets not being depreciated	<u>40,588</u>	<u>1,203,949</u>	<u>-</u>	<u>1,244,537</u>
Capital assets being depreciated:				
Distribution systems	4,883,460	20,562	-	4,904,022
Machinery, equipment, and vehicles	356,608	20,263	-	376,871
Meters	99,334	-	-	99,334
Total capital assets being depreciated net of accumulated depreciation	<u>5,339,402</u>	<u>40,825</u>	<u>-</u>	<u>5,380,227</u>
Less accumulated depreciation for:				
Distribution systems	2,974,433	117,854	-	3,092,287
Machinery, equipment and vehicles	259,722	27,906	-	287,628
Meters	92,408	2,632	-	95,040
Total accumulated depreciation	<u>3,326,563</u>	<u>148,392</u>	<u>-</u>	<u>3,474,955</u>
Capital assets, being depreciated, net	<u>2,012,839</u>	<u>(107,567)</u>	<u>-</u>	<u>1,905,272</u>
Business-type activities capital assets, net	<u>\$ 2,053,427</u>	<u>\$ 1,096,382</u>	<u>\$ -</u>	<u>\$ 3,149,809</u>

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 41,990
Public safety	48,142
Recreation	30,316
Streets and sanitation	<u>202,140</u>
Total depreciation expense - governmental activities	<u>\$ 322,588</u>

NOTE 6 - LONG-TERM DEBT

Debt Outstanding

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2009:

	(Restated) Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Public improvement bond	\$ 1,600,000	\$ -	\$ 30,000	\$ 1,570,000	\$ 35,000
Accrued sick leave	<u>10,626</u>	<u>16,740</u>	<u>17,847</u>	<u>9,519</u>	<u>-</u>
	<u>\$ 1,610,626</u>	<u>\$ 16,740</u>	<u>\$ 47,847</u>	<u>\$ 1,579,519</u>	<u>\$ 35,000</u>
Business-type activities:					
Public improvement bond	\$ 1,600,000	\$ -	\$ 30,000	\$ 1,570,000	\$ 35,000
Revenue bonds	902,000	-	50,935	851,065	53,521
Accrued sick leave	<u>17,927</u>	<u>4,859</u>	<u>4,859</u>	<u>17,927</u>	<u>-</u>
	<u>\$ 2,519,927</u>	<u>\$ 4,859</u>	<u>\$ 85,794</u>	<u>\$ 2,438,992</u>	<u>\$ 88,521</u>

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Long-term debt for the primary government for governmental activities at September 30, 2009, is comprised of the following:

Public Improvement Bond

\$3,200,000 Public Improvement sales tax refunding bond dated August 2008, due in annual installments of \$60,000 to \$225,000 through 2033; interest at 4.25% to 5.75%. \$1,600,000 is dedicated for roads and improvements and \$1,600,000 is dedicated for waterworks improvements.

\$ 1,570,000

Accrued sick leave

9,519

Total long-term debt from governmental activities

\$ 1,579,519

Long-term debt for the primary government for business-type activities at September 30, 2009, is comprised of the following:

Public Improvement Bond

\$3,200,000 Public Improvement sales tax refunding bond.
See above.

\$ 1,570,000

Revenue Bonds

\$1,077,500 Sewer Revenue bonds secured by a pledge and dedication of sewer revenues, due in monthly installments through May 25, 2019; interest at 5%.

576,789

\$98,000 Sewer Revenue Rehabilitation bonds secured by a pledge and dedication of sewer revenues, due in monthly installments through June 25, 2039; interest at 4.5%.

87,151

\$225,800 advanced on \$230,000 authorized Water Revenue bonds secured by a pledge and dedication of water revenues, due in monthly installments through March 20, 2038; interest at 4.75%.

187,125

Accrued sick leave

17,927

Total long-term debt from business-type activities

\$ 2,438,992

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements to Maturity

The annual requirements to amortize debt outstanding at September 30, 2009, are as follows:

Year	Governmental Activities		Business-Type Activities					
	Public		Sewer		Water		Total	
	Improvement		Revenue		Revenue		Business-type	
	Bond		Bonds		Bonds		Long-term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 35,000	\$ 85,505	\$ 49,360	\$ 31,619	\$ 39,161	\$ 94,316	\$ 88,521	\$ 125,935
2011	35,000	84,018	51,878	29,101	39,364	92,626	91,242	121,727
2012	37,500	82,530	54,525	26,455	42,078	90,924	96,603	117,379
2013	40,000	80,937	57,306	23,674	44,798	89,111	102,104	112,785
2014	40,000	79,137	60,229	20,750	45,030	87,079	105,259	107,829
2015-2019	237,500	363,631	321,225	53,961	266,562	399,429	587,787	453,390
2020-2024	312,500	288,913	12,342	14,354	349,337	316,936	361,679	331,290
2025-2029	412,500	189,644	15,449	11,246	459,189	207,815	474,638	219,061
2030-2034	420,000	60,738	19,339	7,356	471,606	77,058	490,945	84,414
2035-2039	-	-	22,287	2,972	-	-	22,287	2,972
2039-2044	-	-	-	-	-	-	-	-
	<u>\$ 1,570,000</u>	<u>\$ 1,315,050</u>	<u>\$ 663,940</u>	<u>\$ 221,488</u>	<u>\$ 1,757,125</u>	<u>\$ 1,455,291</u>	<u>\$ 2,421,065</u>	<u>\$ 1,676,779</u>

Normally debt issues are not retired prior to their maturity. For accounting purposes, interest coupons issued in connection with the sale of various bond issues become obligations and expenditures of the Town only with the passage of time. In addition, they represent fixed and determinable obligations which must be retired from future revenues.

There are no outstanding bonds secured by ad valorem taxes of the Town at this time.

Bond Restrictions

Town of White Castle Sales Tax Revenue Bond

Under the terms of the indenture authorizing the issuance of Sales Tax Revenue Bonds – Series 2008, proceeds of the 1% parish sales and use tax are pledged and dedicated for the establishment and maintenance of the following two bond funds:

Sales Tax Revenue Bond – Series 2008 – Sinking Fund to be used for the payment of principal and interest on the outstanding bond as they are due and payable. Monthly payments are equal to the sum of one-sixth of interest falling due on the next interest payment date and one-twelfth of principal falling due on the next principal payment date.

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions (continued)

Sales Tax Revenue Bond – Series 2008 – Reserve Fund to be used solely for the purpose of paying principal and interest on the bond payable from the Bond Sinking Fund in case of default. The sum of \$245,551 has been deposited into this fund to satisfy this requirement.

Sewer Revenue Bonds

In accordance with the indenture governing Sewerage Utility Fund Revenue Bonds, Series 1994 and 1999, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewerage Enterprise Fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts. In addition, the Series 1999 bonds require the use of a separate construction account.
2. The Sewer Revenue Bond Fund requires monthly fund transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$338 until \$80,980 has been accumulated. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$63,504.
4. The Sewer Depreciation and Contingency Fund requires monthly transfers of \$346. The Fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, extensions, and improvements that will either enhance its revenue-producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in either the Sewer Revenue Bond Fund or Sewer Revenue Bond Reserve Fund. The current balance of the fund is \$64,821.

The Town of White Castle has complied with the above conditions.

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Water Revenue Bonds

In accordance with the indenture governing Water Utility Fund Revenue Bonds, cash is deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Water Enterprise Fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Water Revenue Fund requires all revenue derived from the operation of the system be deposited into the Water Revenue Fund. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Fund requires monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Water Revenue Bond Reserve Fund requires monthly transfers of \$55 until \$12,972 has been accumulated. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$7,436.
4. The Water Depreciation and Contingency Fund requires monthly transfers of \$124. The fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments into the fund are to continue over the life of the bonds. The current balance of the fund is \$16,988.

The Town of White Castle has complied with the above restrictions.

NOTE 7 - DEDICATED REVENUES

Proceeds of the Iberville Parish sales and use tax were dedicated to the following purposes as of September 30, 2009:

Opening, constructing, paving, and improving streets, sidewalks, roads and alleys; constructing bridges; purchasing or constructing water works, sewers, drains, drainage canals, pumping plants, sewerage disposal works, light and power plants, gas plants, halls, jails, fire department stations, hospitals, auditoriums, public parks, natatoriums, libraries, docks, wharves, river terminals, and other public buildings, including the necessary equipment and furnishings thereof; or for any one or more such purposes, or as budgeted.

Consistent with this dedication, transfers from the Sales Tax Fund will be used to retire the Public Improvement Bond - Series 2008. See Note 6.

NOTE 8 - SEGMENTS OF ENTERPRISE ACTIVITIES

Three services, gas, water, and sewerage, are provided by the Town and financed by user charges. The significant financial data for the year ended September 30, 2009, for those services are as follows:

CONDENSED STATEMENT OF NET ASSETS

	<u>Gas Utility</u>	<u>Waterworks Utility</u>	<u>Sewerage Utility</u>	<u>Total</u>
Assets:				
Current assets	\$ 373,708	\$ 826,851	\$ 576,938	\$ 1,777,497
Due from other funds	-	-	67,268	67,268
Restricted assets	41,113	55,039	128,325	224,477
Bond issuance costs	-	85,519	-	85,519
Capital assets net of accumulated depreciation	<u>37,155</u>	<u>1,660,051</u>	<u>1,452,603</u>	<u>3,149,809</u>
Total assets	<u>451,976</u>	<u>2,627,460</u>	<u>2,225,134</u>	<u>5,304,570</u>
Liabilities:				
Current liabilities	15,696	470,725	59,934	546,355
Payable from restricted assets	41,113	30,615	-	71,728
Noncurrent liabilities	<u>11,563</u>	<u>1,724,328</u>	<u>614,580</u>	<u>2,350,471</u>
Total liabilities	<u>68,372</u>	<u>2,225,668</u>	<u>674,514</u>	<u>2,968,554</u>
Net assets:				
Invested in capital assets, net of related debt	37,155	176,792	788,663	1,002,610
Restricted	-	24,424	128,325	152,749
Unrestricted	<u>346,449</u>	<u>200,576</u>	<u>633,632</u>	<u>1,180,657</u>
Total net assets	<u>\$ 383,604</u>	<u>\$ 401,792</u>	<u>\$ 1,550,620</u>	<u>\$ 2,336,016</u>

NOTE 8 - SEGMENTS OF ENTERPRISE ACTIVITIES (CONTINUED)

CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS

	Gas Utility	Waterworks Utility	Sewerage Utility	Total
Operating revenues	\$ 471,591	\$ 199,755	\$ 261,943	\$ 933,289
Operating expenses, net of depreciation	332,754	239,867	145,012	717,633
Depreciation and amortization	12,202	37,555	101,827	151,584
Operating income (loss)	126,635	(77,667)	15,104	64,072
Nonoperating revenue (expense) and transfers, net	3,080	(7,818)	(24,243)	(28,981)
Transfers in (out)	(50,000)	125,000	-	75,000
Net income	79,715	39,515	(9,139)	110,091
Beginning net assets, restated	303,889	362,277	1,559,759	2,225,925
Ending net assets	\$ 383,604	\$ 401,792	\$ 1,550,620	\$ 2,336,016

CONDENSED STATEMENT OF CASH FLOWS

	Gas Utility	Waterworks Utility	Sewerage Utility	Total
Net cash provided by (used for):				
Operating activities	\$ 118,798	\$ 360,169	\$ 119,605	\$ 598,572
Noncapital financing activities	(47,268)	127,732	7,744	88,208
Capital and related financing activities	(20,562)	(1,261,000)	(87,164)	(1,368,726)
Investing activities	(13,569)	7,266	(17,371)	(23,674)
Net increase (decrease) in cash	37,399	(765,833)	22,814	(705,620)
Cash and cash equivalents				
Beginning of period, restated	287,149	1,596,602	597,511	2,481,262
End of period	\$ 324,548	\$ 830,769	\$ 620,325	\$ 1,775,642

NOTE 9 - PENSION AND RETIREMENT PLANS

Municipal Employees' Retirement System of Louisiana

Plan Description – Substantially all employees of the Town are members of the Municipal Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan B.

All permanent employees working at least 35 hours per week who are paid wholly or in part from Town funds are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average salary multiplied for each year of creditable service. Furthermore, employees with at least one year of creditable service but less than 30 years, may take early retirement benefits commencing at or after age 60, with basic benefits reduced 3% for each year retirement precedes age 62. In any case, retirement benefits paid under Plan B cannot exceed \$70 per month multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual financial report available to the public that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The actuarially determined rate was 11.0% of annual covered payroll during the year ended September 30, 2009. Contributions to the System also include one-fourth of one percent of the ad valorem taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the system under Plan B for the years ended September 30, 2009, 2008, and 2007, were \$30,461, \$28,091, and \$31,013, respectively.

NOTE 9 - PENSION AND RETIREMENT PLANS (CONTINUED)

Municipal Police Employees' Retirement System

Plan Description – Police department employees of the Town are members of the Municipal Police Employees' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All permanent full-time police officers who are paid wholly or in part from Town police department funds are required to participate in the System.

Under the plan, officers who retire at or after age 55 with at least 12 years of creditable service, or at or after age 50 with at least 20 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.33% of their final-average salary multiplied for each year of creditable service, not to exceed 100% of their final salary. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual financial report available to the public that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411.

Funding Policy. Under the plan, members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The actuarially determined rate is 9.50% of annual covered payroll during the year ended September 30, 2009. The contribution requirements of plan members and the Town are established and may be amended by state statute. As established by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the System under the plan for the years ended September 30, 2009, 2008, and 2007, were \$2,952, \$6,086, and \$11,482, respectively.

NOTE 10 -INTERFUND TRANSFERS**Operating Transfers**

Operating transfers for the year ended September 30, 2009, were as follows:

	Transfers	
	In	Out
Governmental activities:		
General Fund:		
Sales Tax Fund	\$ 650,000	\$ -
1/3% Sales Tax	175,000	-
Gas Utility Fund	50,000	-
Sales Tax Fund:		
General Fund	-	650,000
1/3% Sales Tax Fund:		
General Fund	-	175,000
2008 Sales Tax Sinking Fund	-	125,000
Waterworks Utility Fund		125,000
2008 Sales Tax Sinking Fund:		
1/3% Sales Tax Fund	125,000	-
2008 Sales Tax Reserve Fund	764	-
2008 Sales Tax Reserve Fund:		
2008 Sales Tax Sinking Fund	-	764
Total governmental funds	<u>1,000,764</u>	<u>1,075,764</u>
Business-type activities:		
Waterworks Utility Fund:		
1/3% Sales Tax Fund	125,000	-
Gas Utility Fund:		
General Fund	-	50,000
	<u>\$ 1,125,764</u>	<u>\$ 1,125,764</u>

NOTE 11 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund balances at September 30, 2009, were as follows:

	Interfund	
	Receivable	Payable
Governmental Activities		
General Fund:		
Sales Tax Fund	\$ -	\$ 97,521
Section 8 Fund	500	-
Gas Utility Fund	5,464	-
Water Utility Fund	5,464	-
Sewer Utility Fund	2,732	67,268
Sales Tax Fund:		
General Fund	97,521	-
Section 8 Fund:		
General Fund	-	500
Total governmental funds	<u>111,681</u>	<u>165,289</u>
Business-type Activities:		
Gas Utility Fund:		
General Fund	-	5,464
Water Utility Fund:		
General Fund	-	5,464
Sewer Utility Fund:		
General Fund	<u>67,268</u>	<u>2,732</u>
Total business-type activities	<u>67,268</u>	<u>13,660</u>
	<u>\$ 178,949</u>	<u>\$ 178,949</u>

NOTE 12 - COMPENSATION TO GOVERNING BODY

The Town compensated its Mayor and members of the Town Council as follows:

Mayor	
Maurice Brown	\$ 42,285
Board of Aldermen	
Erick Batiste	9,970
Jonathan Greene	9,970
Garnell Young	9,970
Gerald Williams	9,970
John Barlow	<u>9,970</u>
	<u>\$ 92,135</u>

The Town's elected officials' terms expire on December 31, 2010.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

Several suits arising from operation of the police department have been filed against the Town. The cases are covered by insurance; however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of Town management that the ultimate resolution of such litigation will not have a material effect on the financial position of the Town and no accrual has been recorded in the financial statements. The Town is vigorously defending these matters.

Grants

The Town receives federal, state and local grants for specific purposes that are subject to audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of Town management that the Town's compliance with the terms of grants will result in no disallowed costs.

Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the past three years.

NOTE 14- PRIOR PERIOD ADJUSTMENT

During 2009 the Town discovered errors in the recording of 2008 transactions. The changes resulted in an increase in the net assets of the Waterworks Utility Fund and Net Assets on the government-wide basis for business-type activities. The changes also resulted in a decrease in the net assets on the government-wide basis for the governmental activities.

Changes to these balances are as follows:

	Government-wide	
	Governmental Activities	Business-type Activities
Net assets, beginning of year, as previously stated:	\$ 4,551,484	\$ 2,351,140
Increase (decrease) to allocate debt issuance in prior year	125,215	(125,215)
Net assets, as restated	<u>\$ 4,676,699</u>	<u>\$ 2,225,925</u>
		<u>Waterworks Utility Fund</u>
Net assets, beginning of year, as previously stated:		\$ 487,492
Decrease to allocate debt issuance in prior year		(125,215)
Net assets, as restated		<u>\$ 362,277</u>

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF WHITE CASTLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Ad valorem	\$ 38,250	\$ 41,250	\$ 30,730	\$ (10,520)
Public utility franchise	29,000	30,500	23,159	(7,341)
Cable T.V. franchise	12,000	12,000	12,262	262
Beer	5,000	5,000	2,589	(2,411)
Licenses and permits	80,000	80,000	76,731	(3,269)
Intergovernmental				
Grants	137,750	126,750	7,781	(118,969)
Donation for recreation	-	-	5,250	5,250
Video poker	15,600	15,600	9,726	(5,874)
FEMA reimbursements	-	50,000	69,773	19,773
Local housing authority	20,000	20,000	22,547	2,547
Fines	55,000	45,000	49,847	4,847
Other				
Lease and royalty	20,000	27,000	13,947	(13,053)
Interest	8,000	18,000	780	(17,220)
Miscellaneous	<u>10,000</u>	<u>15,000</u>	<u>12,489</u>	<u>(2,511)</u>
Total revenues	<u>430,600</u>	<u>486,100</u>	<u>337,611</u>	<u>(148,489)</u>
EXPENDITURES				
General government	483,618	600,268	448,808	151,460
Emergency preparedness	25,000	25,000	25,754	(754)
Public safety	510,108	527,108	534,430	(7,322)
Streets and sanitation	306,856	292,856	302,873	(10,017)
Recreation	<u>10,000</u>	<u>103,000</u>	<u>89,439</u>	<u>13,561</u>
Total expenditures	<u>1,335,582</u>	<u>1,548,232</u>	<u>1,401,304</u>	<u>146,928</u>
Excess of expenditures over revenues	<u>(904,982)</u>	<u>(1,062,132)</u>	<u>(1,063,693)</u>	<u>(1,561)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance claims	-	200,000	27,643	(172,357)
Transfers in	<u>875,000</u>	<u>875,000</u>	<u>875,000</u>	<u>-</u>
Total other financing sources (uses)	<u>875,000</u>	<u>1,075,000</u>	<u>902,643</u>	<u>(172,357)</u>
Excess (deficiency) of net change in fund balance	<u>\$ (29,982)</u>	<u>\$ 12,868</u>	<u>(161,050)</u>	<u>\$ (173,918)</u>
FUND BALANCE				
Beginning of year			<u>162,820</u>	
End of year			<u>\$ 1,770</u>	

Notes on B-2 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA
SALES TAX FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Iberville Parish sales tax	\$ 900,000	\$ 1,150,000	\$ 1,138,092	\$ (11,908)
Other				
Interest	<u>20,000</u>	<u>5,000</u>	<u>9,295</u>	<u>4,295</u>
Total revenues	920,000	1,155,000	1,147,387	(7,613)
OTHER FINANCING USES				
Transfers out	<u>(650,000)</u>	<u>(650,000)</u>	<u>(650,000)</u>	<u>-</u>
Excess of net changes in fund balance	<u>\$ 270,000</u>	<u>\$ 505,000</u>	497,387	<u>\$ (7,613)</u>
FUND BALANCE				
Beginning of year			<u>771,596</u>	
End of year			<u>\$ 1,268,983</u>	

Notes on Exhibit B-2 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA
1/3% SALES TAX FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Iberville Parish sales tax	\$ 475,000	\$ 475,000	\$ 428,114	\$ (46,886)
Other				
Interest	<u>7,500</u>	<u>7,500</u>	<u>1,121</u>	<u>(6,379)</u>
Total revenues	482,500	482,500	429,235	(53,265)
OTHER FINANCING USES				
Transfers out	<u>(425,000)</u>	<u>(425,000)</u>	<u>(425,000)</u>	<u>-</u>
Excess of net changes in fund balance	<u>\$ 57,500</u>	<u>\$ 57,500</u>	4,235	<u>\$ (53,265)</u>
FUND BALANCE				
Beginning of year			<u>231,912</u>	
End of year			<u>\$ 236,147</u>	

Notes on Exhibit B-2 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2009

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget.

The annual operating budget, prepared on the modified accrual basis, covers the general, special revenue, debt service, and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

Basis of Accounting

All of the Town's budgets are prepared on the modified accrual basis of accounting.

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF WHITE CASTLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF DEPARTMENTAL EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GENERAL GOVERNMENT				
Salaries	\$ 114,018	\$ 114,018	\$ 120,090	\$ (6,072)
Payroll taxes	15,000	15,000	8,868	6,132
Municipal retirement	9,000	9,000	8,868	132
Employees' insurance	21,000	21,000	20,238	762
Insurance	25,000	54,000	48,749	5,251
Professional services	45,000	62,500	69,244	(6,744)
General capital assets and capital outlay	154,000	222,000	41,776	180,224
Maintenance - building	7,500	15,500	16,962	(1,462)
Publishing	7,500	7,500	7,956	(456)
Office supplies	9,200	7,700	8,090	(390)
Dues and subscriptions	3,800	3,800	3,945	(145)
Coroner	4,000	4,000	2,705	1,295
Utilities and telephone	18,500	14,500	14,794	(294)
Travel	20,500	23,000	24,265	(1,265)
Printing	1,500	1,500	1,560	(60)
Council on Aging	1,500	-	547	(547)
Commissioners	1,000	1,500	1,500	-
Drug testing	500	150	72	78
Maintenance contracts	8,000	8,000	24,708	(16,708)
Maintenance - equipment and vehicle	3,500	-	2,219	(2,219)
Other	<u>13,600</u>	<u>15,600</u>	<u>21,652</u>	<u>(6,052)</u>
Total general government	<u>483,618</u>	<u>600,268</u>	<u>448,808</u>	<u>151,460</u>
EMERGENCY PREPAREDNESS	25,000	25,000	25,754	(754)
RECREATION				
Capital outlay	-	85,000	64,490	20,510
Utilities	10,000	18,000	24,949	(6,949)
Building maintenance and supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total recreation	<u>10,000</u>	<u>103,000</u>	<u>89,439</u>	<u>13,561</u>

TOWN OF WHITE CASTLE, LOUISIANA GENERAL FUND

STATEMENT OF DEPARTMENTAL EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
PUBLIC SAFETY				
Police				
Salaries	\$ 348,958	\$ 348,958	\$ 355,763	\$ (6,805)
Payroll taxes	25,000	25,000	29,206	(4,206)
Municipal retirement	15,500	15,500	2,952	12,548
Employees' insurance	27,500	27,500	45,069	(17,569)
Maintenance - vehicle	4,000	4,000	3,164	836
General capital assets	3,200	34,700	27,520	7,180
Field supplies	2,500	2,500	348	2,152
Clothing	6,500	6,500	1,712	4,788
Printing	500	500	1,308	(808)
Jail house	1,500	1,500	5,226	(3,726)
Drug testing	500	500	546	(46)
Maintenance - building	3,500	3,500	181	3,319
Vehicle fuel	23,000	23,000	13,282	9,718
Dues and subscriptions	350	350	377	(27)
Travel	5,600	5,600	4,159	1,441
Telephone	4,000	4,000	3,788	212
Maintenance contracts	1,000	1,000	2,292	(1,292)
Other	<u>2,000</u>	<u>2,000</u>	<u>7,664</u>	<u>(5,664)</u>
Total police	<u>475,108</u>	<u>506,608</u>	<u>504,557</u>	<u>2,051</u>
Volunteer fire				
Salary supplement	-	-	2,520	(2,520)
Maintenance - building	7,500	4,000	13,618	(9,618)
Maintenance - vehicle	7,000	7,000	9,282	(2,282)
Vehicle fuel	2,000	1,000	717	283
Telephone	2,500	2,500	2,031	469
Equipment	13,000	3,000	1,705	1,295
Vehicle insurance	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total volunteer fire	<u>35,000</u>	<u>20,500</u>	<u>29,873</u>	<u>(9,373)</u>
Total public safety	<u>\$ 510,108</u>	<u>\$ 527,108</u>	<u>\$ 534,430</u>	<u>\$ (7,322)</u>

TOWN OF WHITE CASTLE, LOUISIANA
GENERAL FUND

STATEMENT OF DEPARTMENTAL EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
STREETS AND SANITATION				
Salaries	\$ 115,056	\$ 122,056	\$ 124,553	(2,497)
Employees' insurance	20,000	23,000	23,674	(674)
Payroll taxes	15,000	15,000	13,214	1,786
Municipal retirement	11,500	10,500	11,299	(799)
Capital outlay	13,000	8,500	12,180	(3,680)
Maintenance - street	60,500	46,500	53,338	(6,838)
Maintenance - vehicle	1,200	400	382	18
Equipment rental	500	3,500	2,464	1,036
Utilities	59,000	55,000	57,614	(2,614)
Vehicle fuel	9,000	7,000	3,935	3,065
Chemicals	1,000	1,000	-	1,000
Drug testing	100	100	-	100
Other	<u>1,000</u>	<u>300</u>	<u>220</u>	<u>80</u>
Total streets and sanitation	<u>306,856</u>	<u>292,856</u>	<u>302,873</u>	<u>(10,017)</u>
Total expenditures	<u>\$ 1,335,582</u>	<u>\$ 1,548,232</u>	<u>\$ 1,401,304</u>	<u>\$ 146,928</u>

**TOWN OF WHITE CASTLE, LOUISIANA
NONMAJOR FUNDS**

COMBINING BALANCE SHEET

September 30, 2009

	<u>Special Revenue</u>	<u>Debt Service</u>		<u>Total</u>
	<u>Section 8</u>	<u>2008 Reserve Fund</u>	<u>2008 Sinking Fund</u>	<u>Nonmajor Funds</u>
ASSETS				
Cash and cash equivalents	\$ 24,320	\$ 245,551	\$ 6,304	\$ 276,175
Total assets	<u>\$ 24,320</u>	<u>\$ 245,551</u>	<u>\$ 6,304</u>	<u>\$ 276,175</u>
LIABILITIES				
Due to other funds	\$ 500	\$ -	\$ -	\$ 500
Deferred revenue	<u>23,820</u>	<u>-</u>	<u>-</u>	<u>23,820</u>
Total liabilities	<u>24,320</u>	<u>-</u>	<u>-</u>	<u>24,320</u>
FUND BALANCE				
Reserved for debt service	<u>-</u>	<u>245,551</u>	<u>6,304</u>	<u>251,855</u>
Total fund balance	<u>-</u>	<u>245,551</u>	<u>6,304</u>	<u>251,855</u>
Total liabilities and fund balance	<u>\$ 24,320</u>	<u>\$ 245,551</u>	<u>\$ 6,304</u>	<u>\$ 276,175</u>

**TOWN OF WHITE CASTLE, LOUISIANA
NONMAJOR FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the year ended September 30, 2009

	Special Revenue	Debt Service		Total
	Section 8	2008 Reserve Fund	2008 Sinking Fund	Nonmajor Funds
REVENUES				
Intergovernmental				
HUD receipts	\$ 48,037	\$ -	\$ -	\$ 48,037
Other				
Interest	105	784	819	1,708
Total revenues	48,142	784	819	49,745
EXPENDITURES				
Public health				
Rent and utility assistance	41,149	-	-	41,149
Administrative	6,993	-	-	6,993
Debt service				
Interest and fiscal charges	-	-	120,396	120,396
Total expenditures	48,142	-	120,396	168,538
Excess (deficiency) of revenues over expenditures	-	784	(119,577)	(118,793)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	125,764	125,764
Transfers out	-	(764)	-	(764)
Total other financing sources (uses)	-	(764)	125,764	125,000
Excess of revenues net change in fund balances	-	20	6,187	6,207
FUND BALANCE				
Beginning of year	-	245,531	117	245,648
End of year	\$ -	\$ 245,551	\$ 6,304	\$ 251,855

TOWN OF WHITE CASTLE, LOUISIANA
SECTION 8

Exhibit C-3

**STATEMENT OF DEPARTMENTAL EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental				
HUD receipts	\$ 51,850	\$ 51,850	\$ 48,037	(3,813)
Other				
Interest	150	150	105	(45)
Total revenues	<u>52,000</u>	<u>52,000</u>	<u>48,142</u>	<u>(3,858)</u>
EXPENDITURES				
Public health				
Rent and utility assistance	45,000	45,000	41,149	3,851
Administrative	<u>7,000</u>	<u>7,000</u>	<u>6,993</u>	<u>7</u>
Total expenditures	<u>52,000</u>	<u>52,000</u>	<u>48,142</u>	<u>3,858</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE				
Beginning of year			-	
End of year			<u>\$ -</u>	

TOWN OF WHITE CASTLE, LOUISIANA
SCHEDULE OF SUPPLEMENTARY INFORMATION
SEWERAGE CUSTOMERS

September 30, 2009
(Without Audit)

Records maintained by the Town indicated the number of residential and commercial users for both water and sewer systems at September 30, 2009 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	701	722
Commercial	72	38

At September 30, 2009, the Town was charging a \$10.00 commercial and a \$7.50 residential base fee with \$3.00 for each thousand gallons consumed for water usage. In addition, a \$25.00 commercial and an \$11.75 residential base fee with \$2.00 commercial and \$1.90 residential fee for each thousand gallons treated was charged as a sewerage fee.

At September 30, 2009, the aging of accounts receivable for the enterprise funds was as follows:

Current	\$ 55,199
31-60 days	21,637
61-90 days	4,284
Over 90 days	<u>24,768</u>
	<u>\$ 105,888</u>

TOWN OF WHITE CASTLE, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE

September 30, 2009
(Without Audit)

Issuer	Type of Insurance	Property Covered and Location	Insurance	Expiration Date
LA Municipal Risk Management Agent	Automobile	15 Automobiles	\$ 500,000	May 1, 2011
		Crown Victoria	20,810	May 1, 2011
		Equipment on Crown Victoria	5,960	
		Ford F-350 Rescue Unit	82,000	
	Commercial general liability	Premises operations, general	500,000	May 1, 2011
		Products and completed operations	500,000	May 1, 2011
		Medical payments	10,000/per accident	May 1, 2011
		Fire legal liability	50,000/per occurrence	May 1, 2011
	Law enforcement liability	Enforcement officers	500,000	May 1, 2011
	Public officials' errors and omissions liability	Public officials' errors and omissions	500,000	May 1, 2011
Allstate Insurance	Workers compensation	Eligible employees	statutory	January 1, 2010
	Commercial property	Sewage plant, 31540 Hwy. 405	860,000	October 10, 2009
	Fire and extended coverage	ICM building, 33060 Bowie St	47,800	October 10, 2009
		ICM building contents	5,000	
		Water tower, 33060 Bowie St.	197,820	October 10, 2009
		Water treatment building	45,000	
	Fire and extended coverage	Contents	65,000	
		Shed	1,000	
		Town hall and fire station, 32535 Bowie St	200,000	October 10, 2009
		Contents	43,500	
	Fire and extended coverage	Jail house, 32535 Rear Bowie	100,000	October 10, 2009
	Fire and extended coverage	Jail house contents	30,000	
		Fire station, 32055 Hwy. 405	69,300	October 10, 2009
	Fire and extended coverage	Fire station contents	5,000	
		Council on Aging building, 55050 Latino St	124,000	October 10, 2009
	Fire and extended coverage	Contents	10,000	
		Building, 32515 Bowie St.	300,000	October 10, 2009
	Fire and extended coverage	Contents	25,000	
		Sewage station, 54940 Cambre St.	70,000	October 10, 2009
	Fire and extended coverage	Sewage station, 33440 Bowie St.	95,000	October 10, 2009
	Fire and extended coverage	Sewage station, 34050 Bowie St.	35,000	October 10, 2009
Daigle Insurance	Commercial inland marine	Gas generator	52,000	October 10, 2009
		Radio tower with antenna	9,300	
		Diesel generator	10,000	
		Kubota tractor	14,990	
		Street sweeper	14,500	
		Computers	14,300	
	Commercial property	Community Center, 32635 Bowie St.	360,000	October 10, 2009
		White Castle Inn, 55035 Cambre St.		
	Named employees bond	Employees	100,000	September 13, 2010
	Public employee honesty bond	Aldermen and Mayor	25,000	August 18, 2010
	Automobile	Crown Victoria and equipment	26,770	February 5, 2010
		Ford F-350 Rescue Unit	82,000	

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of White Castle, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of White Castle, Louisiana, as of and for the year ended September 30, 2009, which collectively comprise the Town of White Castle, Louisiana's basic financial statements and have issued our report thereon dated February 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of White Castle's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of White Castle, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of White Castle, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of White Castle, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of White Castle, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of White Castle, Louisiana's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. [2009-1].

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of White Castle, Louisiana's internal control.

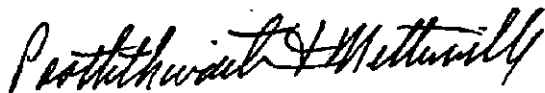
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of White Castle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items [2009-2].

The Town of White Castle, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs: We did not audit Town of White Castle, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Board of Aldermen, management of the Town of White Castle, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



February 5, 2010

TOWN OF WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2009

A. SUMMARY OF AUDITORS' RESULTS

- (1) The auditors' report expressed an unqualified opinion on the financial statements of the Town of White Castle, Louisiana as of and for the year ended September 30, 2009.
- (2) There was one significant deficiency relating to the audit of the financial statements of the Town of White Castle, Louisiana that was reported at section B in this schedule.
- (3) There was one instance of noncompliance relating to the financial statements of the Town of White Castle, Louisiana that was reported at section B in this schedule.

B. FINDINGS- FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2009-1 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- Personnel authorized to sign checks also reconciles the bank statement on a monthly basis.

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Effect: The segregation of duties is inadequate to provide effective internal control.

Recommendation: The Town has an independent CPA firm to assist its accounting department. We noted that duties are divided between the CPA firm and the Town personnel so that internal controls will be enhanced. However, it is still noted that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties.

Management's Response: The Town assigns tasks to staff members to mitigate the risks associated with segregation of duties. Additionally, management uses an external CPA firm to review certain key areas that mitigates the risks associated with lack of segregation of duties, as follows:

- Review cash reconciliations and related bank statements prepared by staff,
- Review the monthly general ledger,
- Compare utility billing to the amounts recorded in the financial statements, including outstanding balances,
- Review interim financial statements and annual operating budgets.

The Town feels that this process has helped enhance its internal controls, since new internal control functions were added or enhanced.

TOWN OF WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2009

COMPLIANCE WITH STATE LAWS AND REGULATIONS

2009-2 Louisiana Budget Law

Condition: Louisiana Revised Statute 39:1311A(1) requires that the budget shall be amended when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

Criteria: The Town of White Castle's General Fund had an unfavorable variance of 20.55% of total actual revenues to budgeted total revenues.

Effect: The negative variance of revenues of more than five percent is a violation of Louisiana Revised Statute 39:1311A(1).

Recommendation: The Town of White Castle shall advise the governing authority in writing when total actual revenues and other sources plus projected revenues and other uses for the remainder of a year, within a fund, are exceeding the total budgeted revenues and other uses by five percent or more.

Management's Response: We concur with the finding.

Although the Town uses its CPA firm to assist with the budget preparation, reimbursements from insurance were incorrectly budgeted for 2009. Certain amounts were accrued when the 2008 records were audited, so amounts were previously recognized in 2008. However, management used internal reports relative to utilization of funds expended from these resources. As such, the finding has no influence on previous decisions made by management that impact the expenditure of these resources.

Furthermore, general fund expenditures were approximately 10% or approximately \$147,000 under budget for 2009. As a result, the Town continues to operate in a fiscally responsible manner.

TOWN OF WHITE CASTLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2009

A. FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS:

2008-1 *Lack of Segregation of Duties*

Observation: There is not sufficient segregation of duties to have effective internal control. The finding results from the small size of the administrative staff of the Town which prevents a meaningful segregation of duties.

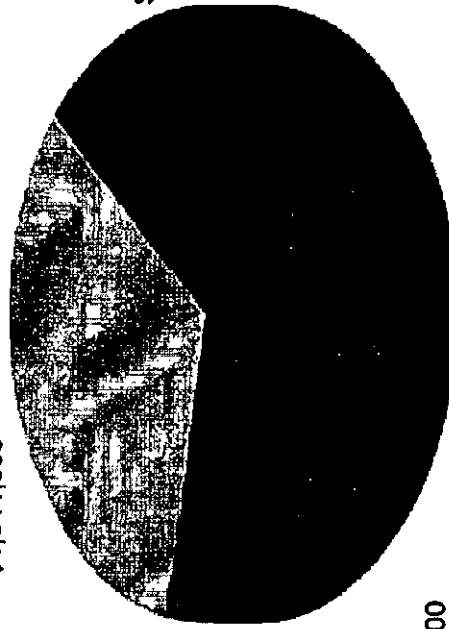
Current Years Status: Similar finding in current year.

STATISTICAL INFORMATION

TOWN OF WHITE CASTLE, LOUISIANA

CASH AND INVESTMENTS

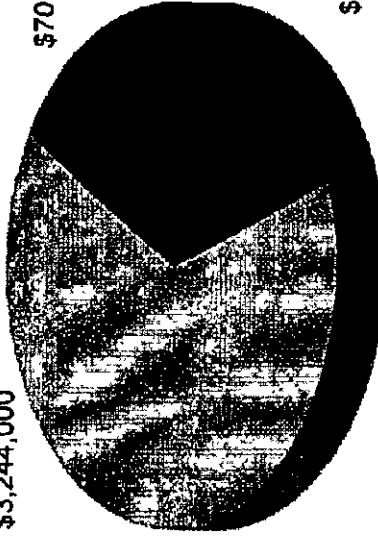
\$1,511,000



SEPTEMBER 30, 2009

TOTAL CASH & INVESTMENTS = \$ 4,580,000

\$3,244,000



SEPTEMBER 30, 2008

TOTAL CASH & INVESTMENTS = \$ 5,105,000

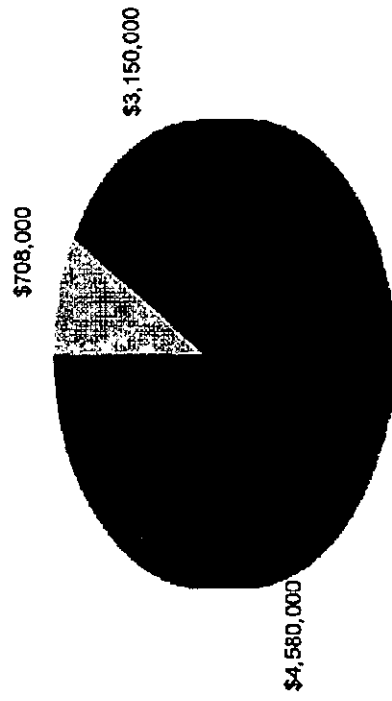
■ SPECIAL REVENUE

▨ ENTERPRISE

□ DEBT SERVICE, CAPITAL PROJECT AND GENERAL

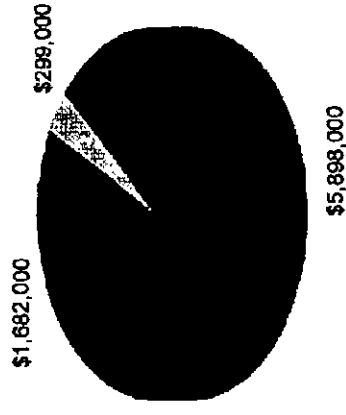
TOWN OF WHITE CASTLE, LOUISIANA

TOTAL ASSETS (FUND BASIS)



SEPTEMBER 30, 2009

TOTAL ASSETS = \$ 8,438,000



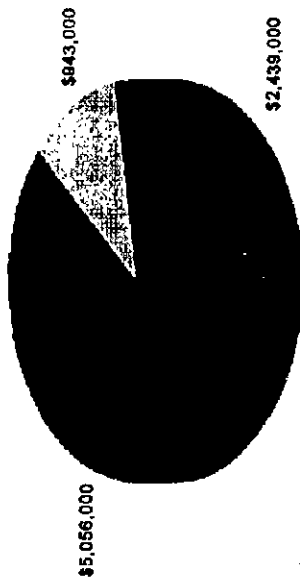
SEPTEMBER 30, 2008

TOTAL ASSETS = \$ 7,879,000

■ Fixed Assets, net	■ Cash & Investments	■ Other
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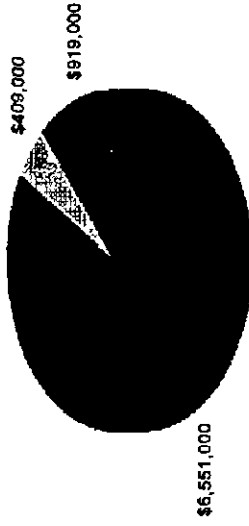
TOWN OF WHITE CASTLE, LOUISIANA

LIABILITIES AND FUND EQUITY (FUND BASIS)



SEPTEMBER 30, 2009

TOTAL LIABILITIES = \$ 3,382,000
TOTAL FUND EQUITY = \$ 5,056,000



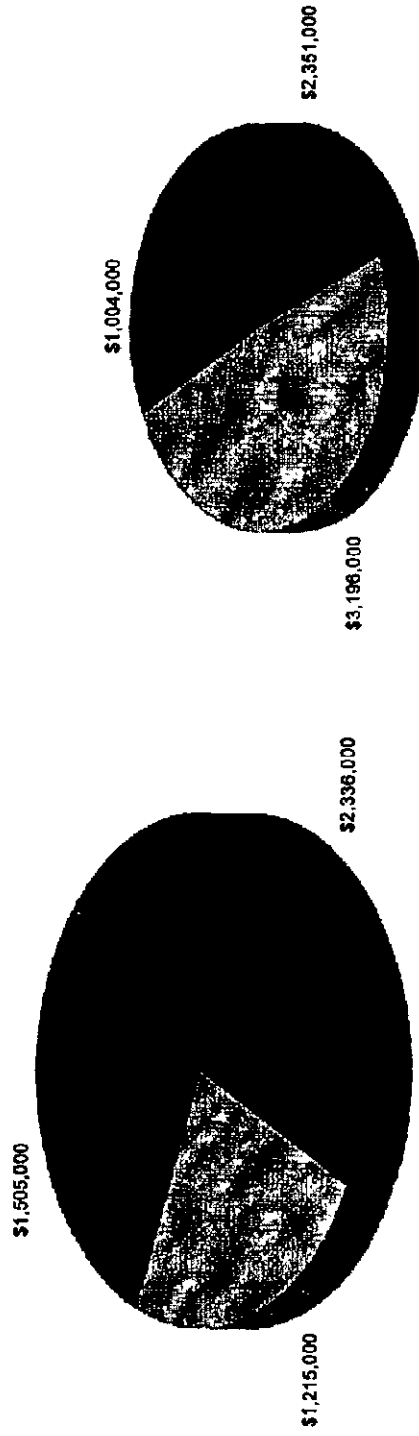
SEPTEMBER 30, 2008

TOTAL LIABILITIES = \$ 1,328,000
TOTAL FUND EQUITY = \$ 6,551,000

CURRENT LIABILITIES ■ SEWER AND WATER REV BONDS ■ FUND EQUITY

TOWN OF WHITE CASTLE, LOUISIANA

FUND EQUITY (FUND BASIS)



SEPTEMBER 30, 2009

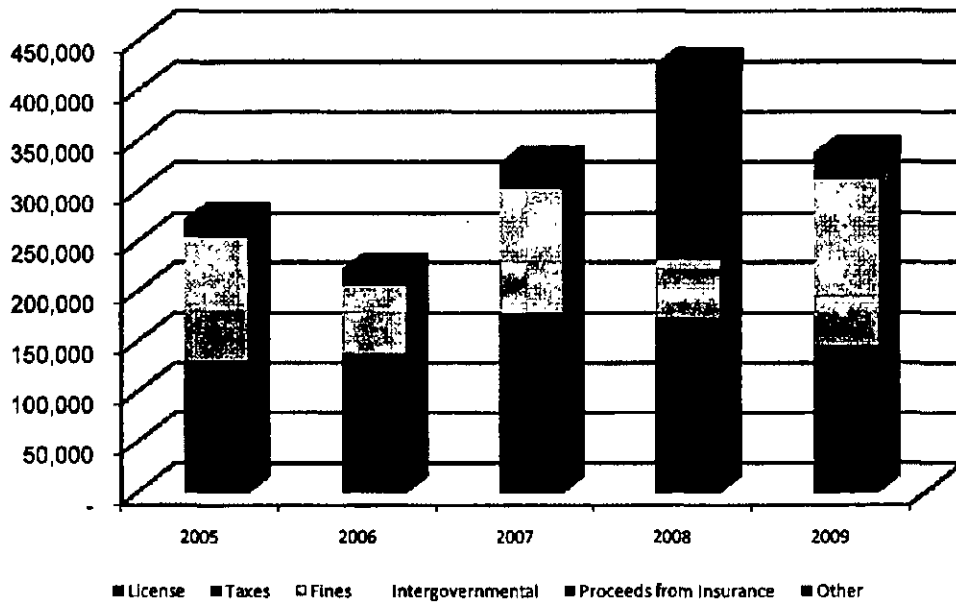
TOTAL FUND EQUITY = \$ 5,056,000

SEPTEMBER 30, 2008

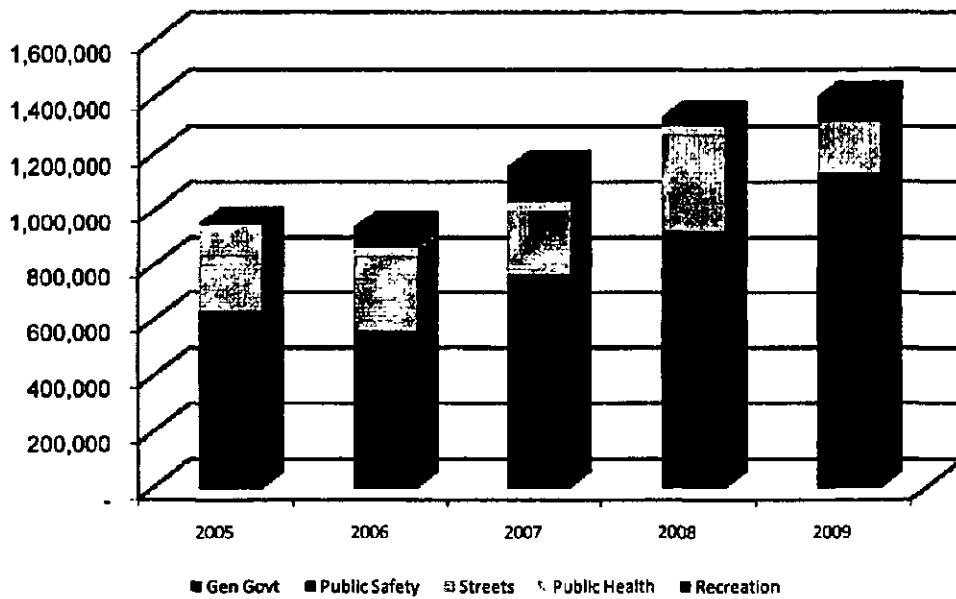
TOTAL FUND EQUITY = \$ 6,551,000

■ ENTERPRISE ■ DEBT SERVICE, CAPITAL PROJECT AND GENERAL ■ SPECIAL REVENUE

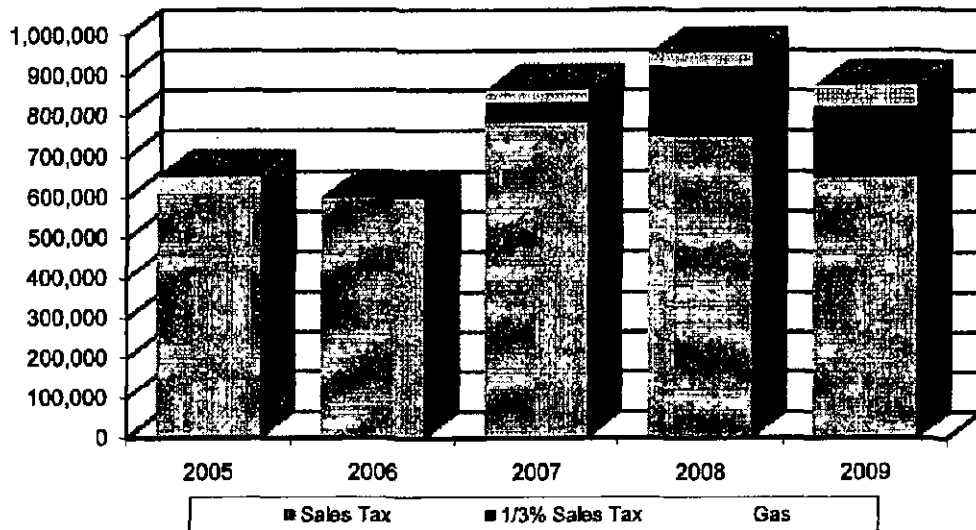
GENERAL FUND REVENUES TOWN OF WHITE CASTLE, LOUISIANA



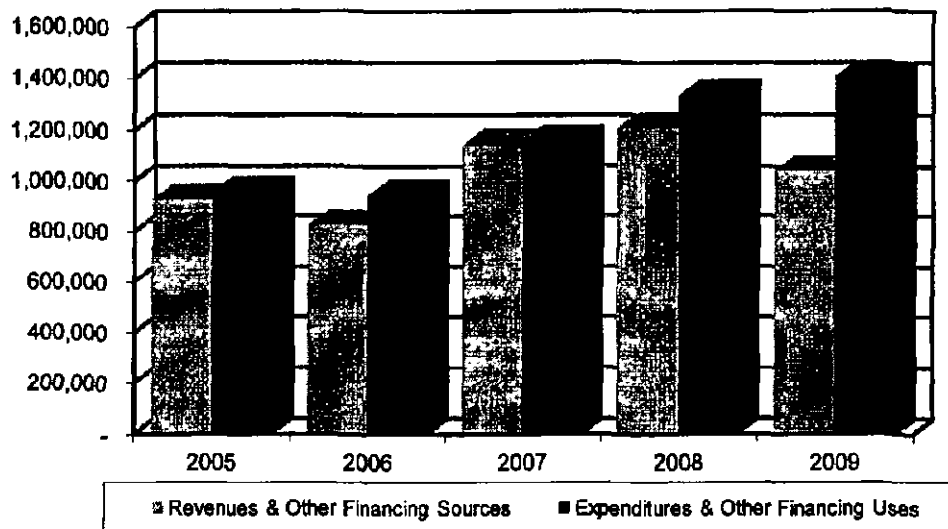
GENERAL FUND EXPENDITURES TOWN OF WHITE CASTLE, LOUISIANA



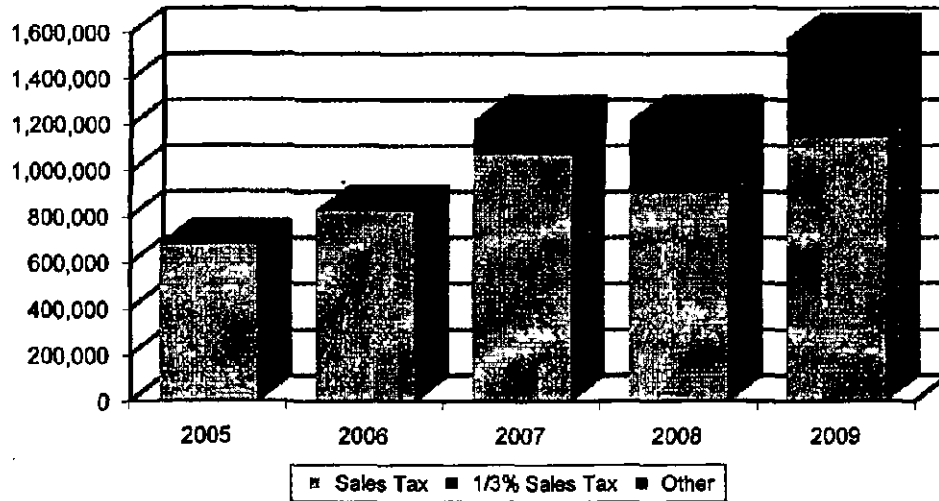
**GENERAL FUND
OTHER FINANCING SOURCES
TOWN OF WHITE CASTLE, LOUISIANA**



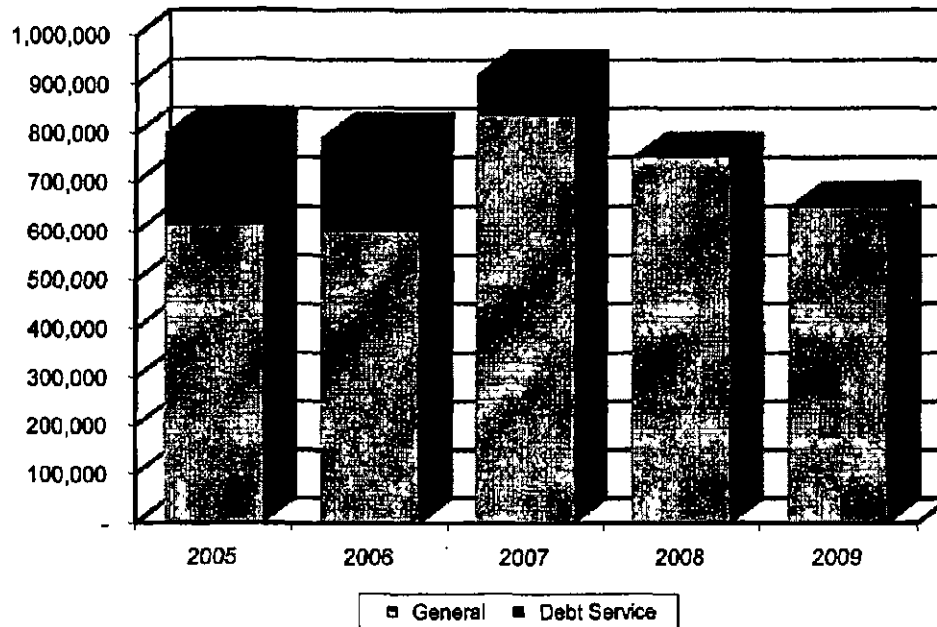
**GENERAL FUND INFLOWS & OUTFLOWS
TOWN OF WHITE CASTLE, LOUISIANA**



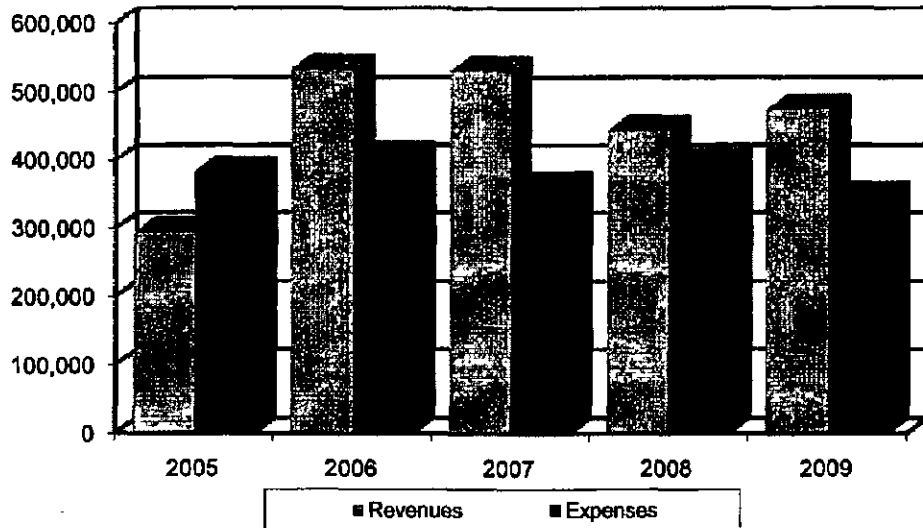
SALES TAX REVENUES TOWN OF WHITE CASTLE, LOUISIANA



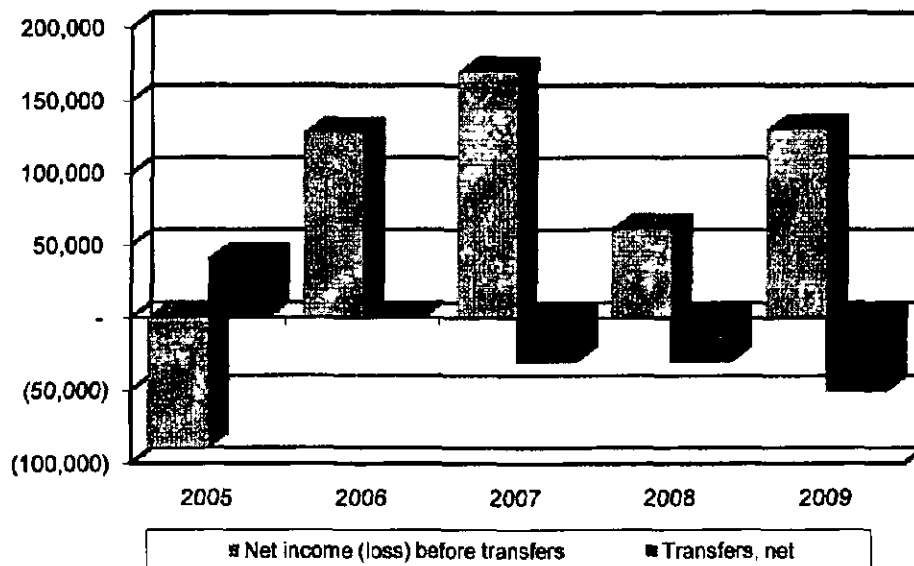
SALES TAX TRANSFERS OUT TOWN OF WHITE CASTLE, LOUISIANA



GAS FUND REVENUES & EXPENSES TOWN OF WHITE CASTLE, LOUISIANA

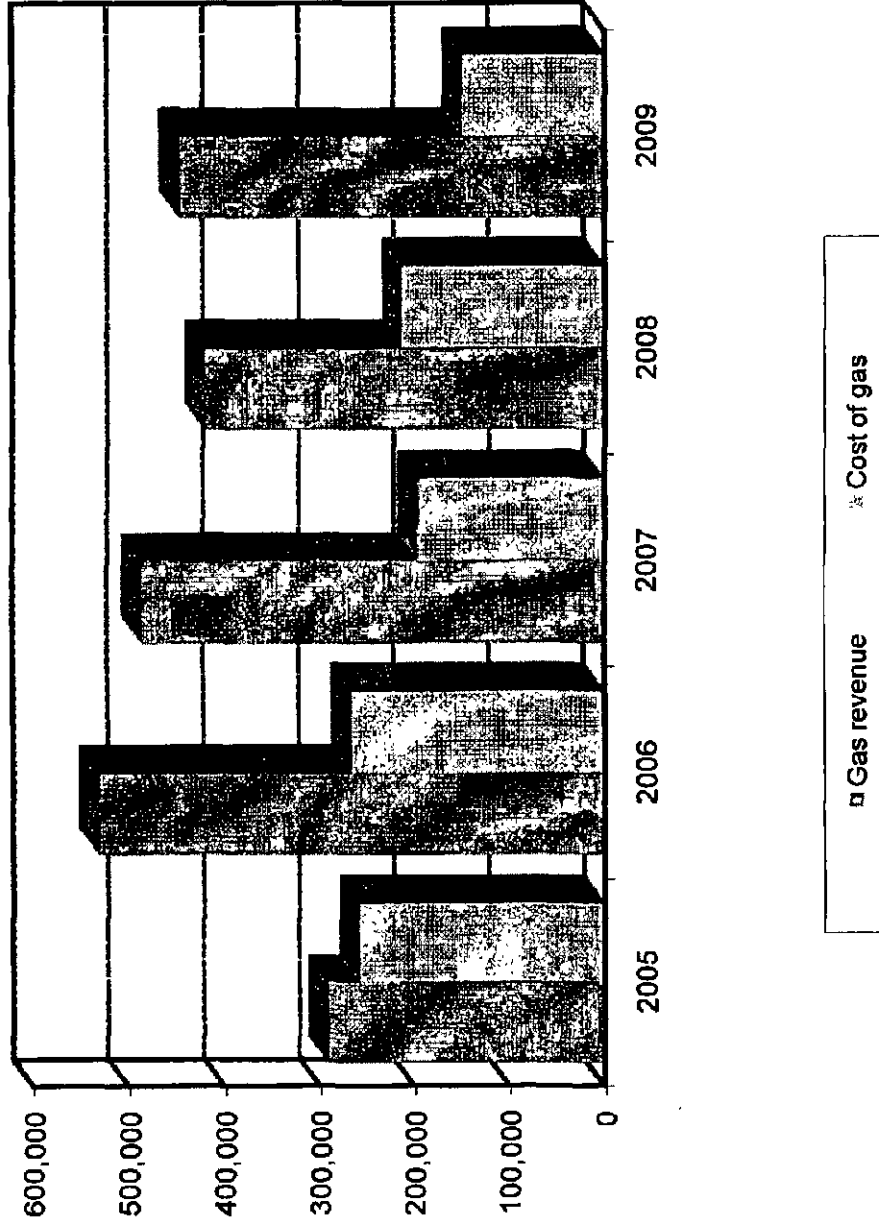


GAS FUND NET INCOME (LOSS) & NET TRANSFERS TOWN OF WHITE CASTLE, LOUISIANA

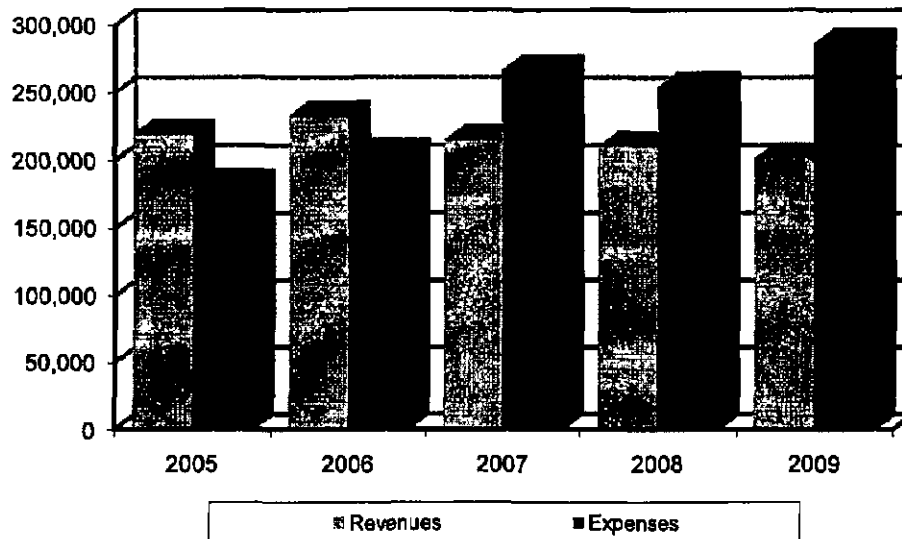


GAS FUND REVENUES & COST OF GAS

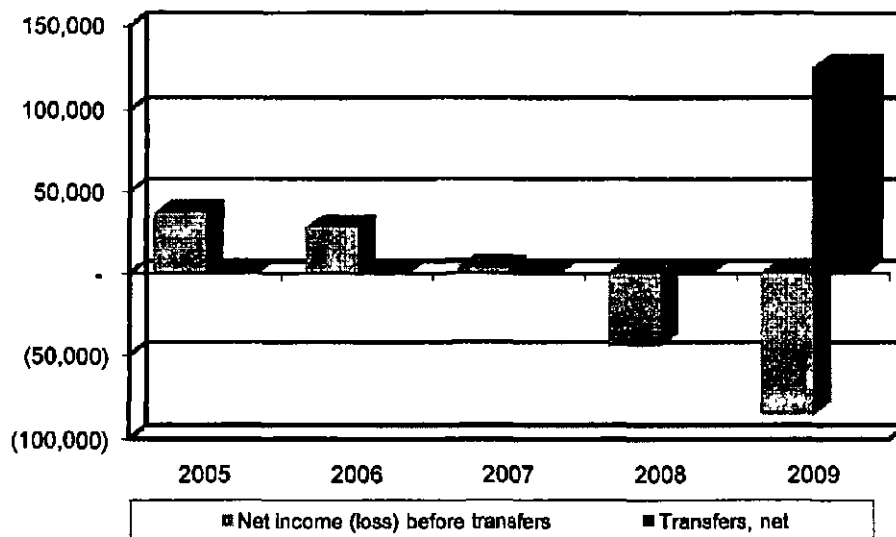
TOWN OF WHITE CASTLE, LOUISIANA



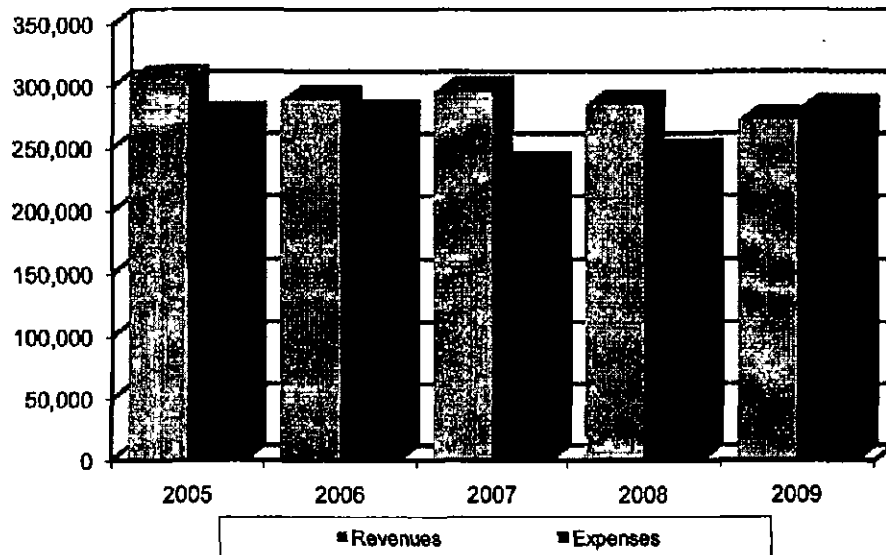
WATER FUND REVENUES & EXPENSES TOWN OF WHITE CASTLE, LOUISIANA



WATER FUND NET INCOME(LOSS) & NET TRANSFERS TOWN OF WHITE CASTLE, LOUISIANA



SEWER FUND REVENUES & EXPENSES TOWN OF WHITE CASTLE, LOUISIANA



SEWER FUND NET INCOME (LOSS) & NET TRANSFERS TOWN OF WHITE CASTLE, LOUISIANA

